

MIPLC Studies

17

Magdalena Kolasa

The Scope and Limits of Protection for Distinctive Signs against the Community Design

The Application and Implications of Art. 25 (1) (e) of the Community Designs Regulation



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Die Deutsche Nationalbibliothek verzeichnet diese Publikation in der Deutschen Nationalbibliografie; detaillierte bibliografische Daten sind im Internet über <http://dnb.d-nb.de> abrufbar.

The Deutsche Nationalbibliothek lists this publication in the Deutsche Nationalbibliografie; detailed bibliographic data is available in the Internet at <http://dnb.d-nb.de>.

a.t.: Munich, Intellectual Property Law Center, Master Thesis (LL.M. IP), 2011

ISBN 978-3-8329-7910-2

1. Auflage 2012

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Abstract

The Community design is a relatively new legal instrument, showing a considerable amount of open questions of practical relevance. One of those is the application and the implications of Art. 25(1)(e) CDR – the ground for invalidation of a Community design on the basis of infringement of a prior distinctive sign. This potentially attractive provision, allowing for an invalidation on the basis of a reference to various, Community and national, legal provisions, to date results in a lower number of invalidations than Art. 25(1)(b) CDR – the other ground for invalidation available for the owners of distinctive signs.

This paper addresses the scope and limits of protection for the distinctive signs under Art. 25(1)(e) CDR by defining them on the Community and on the national level with reference to the German jurisdiction. An analysis of the scopes of protection of the relevant distinctive signs follows, including trade marks, trade names, company symbols, work titles and names. Additionally the scope of protection provided for the distinctive signs by the unfair competition provisions is described. This analysis is a starting point for addressing some of the controversial issues concerning the application of Art. 25(1)(e) CDR as a ground for invalidation. The issue of admissibility of application of limitations to the right to a distinctive sign in design invalidity proceedings and propositions as to their implementation are presented. Furthermore an analysis of problems arising from the use of Art. 25(1)(e) CDR with regard to the applicable law is provided, presenting the possible solutions of those controversies. The paper also addresses the question of whether an action for infringement of a prior distinctive sign will be successful unless an invalidation of the design right is obtained first. Finally, the relationship between the invalidation on the basis of lack of novelty, lack of individual character and based on infringement of prior rights is addressed.

As the discussion of the abovementioned problems shows, Art. 25(1)(e) CDR grants the proprietor of a distinctive sign a broad scope of protection against a Community design. However due to the fact that the Community Design Regulation has left many questions regarding the implementation of that protection unanswered, a considerable level of legal uncertainty is attached to its application and this ground for invalidation still remains an alternative infrequently used by the owners of distinctive signs.

In spite of the conceptual challenges connected to its application, Art. 25(1)(e) CDR provides for a potentially attractive ground for invalidation of Community designs, which might gain in importance, depending on the future development of the case-law.

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Acronyms and Abbreviations

Apr.	April
Aug.	August
Benelux IP Treaty	Convention Bénélux en matière de propriété intellectuelle (marques et dessins ou modèles) [Benelux Convention concerning Intellectual Property (Trademarks and Designs)], Feb. 25, 2005 MB 26.04.2006 (Benelux)
BGB	Bürgerliches Gesetzbuch [BGB] [Civil Code], Aug. 18, 1896, RGBl. at 195, as amended (Federal Republic of Germany).
BGH	Bundesgerichtshof [German Federal Court of Justice]
BoA	OHIM Board of Appeal
CDIR	Commission Regulation 2245/2002 of 21 October 2002 implementing Council Regulation No 6/2002 on Community designs, O.J. (L341) 28, as amended.
CDR	Council Regulation 6/2002/EC of 12 December 2001 on Community designs, O.J. (L3) 1, as amended.
CFI	Court of First Instance
CJEU	Court of Justice of European Union
CTM	Community Trade Mark
CTMR	Council Regulation 207/2009 of 26 February 2009 on the Community trade mark, OJ (L78) 1.
DD	Directive 98/71/EC of the European Parliament and of the Council of 13 October 1998 on the legal protection of designs, O.J. (L289) 28.
e.g.	for example
E.I.P.R.	European Intellectual Property Review
ECJ	European Court of Justice
EU	European Union
Feb.	February
GC	General Court
GRUR	Gewerblicher Rechtsschutz und Urheberrecht
GRUR Int	Gewerblicher Rechtsschutz und Urheberrecht Internationaler Teil
GRUR-Prax	Gewerblicher Rechtsschutz und Urheberrecht, Praxis im Immaterialgüter- und Wettbewerbsrecht
HGB	Handelsgesetzbuch [HGB] [Commercial Code], May 5, 1897, BGBl. III at 4100, as amended (Federal Republic of Germany).
i.a.	inter alia, among others

i.e.	id est, that is
I.P.Q.	Intellectual Property Quarterly
IIC	International Review of Intellectual Property and Competition Law
Inv. Div.	OHIM Invalidity Division
IPRs	Intellectual Property Rights
JIPLP	Journal of Intellectual Property Law and Practice
Jul.	July
Mar.	March
MarkenG	Gesetz über den Schutz von Marken und sonstigen Kennzeichen [MarkenG] [Trade Mark Act], Oct. 25, 1994, BGBl. I at 3082, translated on http://www.ip-firm.de/markeng_e.pdf (last visited June 5, 2012) (Federal Republic of Germany).
MB	Moniteur Belge
MS	Member States (of the European Union)
NJW	Neue Juristische Wochenschrift
Nov.	November
Oct.	October
OHIM	Office for Harmonization in the Internal Market (Trade Marks and Designs)
OLG	Oberlandesgericht [German Higher Court]
para.	paragraph / paragraphs
PPH	Przegląd Prawa Handlowego
RCD	registered Community design
Rome II	Regulation (EC) No 864/2007 of the European Parliament and of the Council of 11 July 2007 on the law applicable to non-contractual obligations (Rome II), OJ (L199) 40.
Sept.	September
TM	trade mark
TMD	Directive 2008/95/EC of the European Parliament and of the Council of 22 October 2008 to approximate the laws of the Member States relating to trade marks, OJ (L299) 25.
UCD	unregistered Community design
UK	United Kingdom
UWG	Gesetz gegen den unlauteren Wettbewerb [UWG] [Act against Unfair Competition], Mar. 3, 2010, BGBl. I at 254, translated on http://www.gesetze-im-internet.de/englisch_uwg/index.html (last visited June 5, 2012) (Federal Republic of Germany).
WRP	Wettbewerb in Recht und Praxis
ZEuP	Zeitschrift für Europäisches Wirtschaftsrecht

ZPO

Zivilprozessordnung [ZPO] [Civil Procedure Statute], Sept. 12, 1950, BGBl. at 455, as amended (Federal Republic of Germany).

I. Introduction

The Community system of design protection,¹ proved to be appealing for the Internal Market participants.² Its power of attraction owes largely to the fact that it grants a fast and cheap protection for a relatively long period of time. Fast, because the registered Community design does not undergo a substantive examination upon registration³ and the unregistered Community design does not require registration at all.⁴ Cheap, because due to the lack of examination and the online instruments available in the OHIM the fees covered by the applicant for a registered Community design are minimal.⁵ The long-lasting protection is granted for up to 25 years in the case of the registered Community design⁶ and 3 years in case of the unregistered Community design.⁷

However, this simplified acquisition of an exclusive right may lead to a conflict with other rights. The grant of a quick and cheap protection is balanced by the possibility of invalidation of a Community design on various grounds enumerated in Art. 25 CDR. Hence the burden of clearing the register is shifted on the market participants,⁸ which include the owners of signs that identify their persons, entities or their products. Those signs can be described as distinctive since their common feature is that they distinguish goods or undertakings. The existence of a design using such a sign might be a threat for the owner of that sign, leading to confusion, dilution, damage to reputation, or gaining an unfair advantage over the owner of the sign who has made an investment in its development and promotion.

The invalidation of a Community design on the basis of its conflict with a prior distinctive sign can be founded on the design's lack of novelty,⁹ lack of individual character¹⁰ or on it falling into the scope of protection of that sign.¹¹ Since

1 Created by the CDR and the DD.

2 To date over 460.000 registered Community designs and an unestimated number of unregistered Community designs, as reported on the OHIM webpage, <http://oami.europa.eu/ows/rw/pages/RCD/index.en.do> (last visited June 5, 2012).

3 Art. 45 CDR.

4 The making available being sufficient for grant of an exclusive right, Art. 11 CDR.

5 See: <http://oami.europa.eu/ows/rw/pages/RCD/index.en.do> (last visited June 5, 2012).

6 Art. 12 CDR.

7 Art. 11(1) CDR.

8 Art. 52(1) CDR.

9 Art. 25(1)(b), Art. 5 CDR.

10 Art. 25(1)(b), Art. 6 CDR.

11 Art. 25(1)(e) CDR.

Art. 25(1)(e) CDR refers to the protection for signs granted by both Community and national laws, the owner of such a prior sign may avail himself of various legal provisions from any of the countries of the EU in pursuing the invalidation of the design. This ground for invalidation, even though potentially powerful, still seems to be a less attractive alternative than Art. 25(1)(b) CDR, partially due to a considerable level of legal uncertainty connected to its application. This thesis tries to analyse the scope of Art. 25(1)(e) CDR and to address some of the controversial issues connected to its application.

Due to the constraints of this paper, it is not possible to refer to the legal regimes of all EU Member States, i.e. those that due to the geographical scope of a Community design may provide for legal grounds for its invalidation. Therefore the analysis will be limited to the harmonized rules governing trade mark laws of all the Member States.¹² With regard to other distinctive signs, reference will be made to German law, Germany being the largest economy¹³ within the Internal Market.

The first part of the thesis delineates the background by defining the notion of a distinctive sign and that of the Community design and by identifying the area of conflict between them. Subsequently the scopes of protection of the relevant distinctive signs and their limits are described in the context of design invalidation. An attempt to analyze the implications of the construction of the CDR provisions in practice follows, highlighting the challenges for the owners of prior rights in enforcing them on the basis of Art 25(1)(e) CDR. Finally, a summary of the research is presented.

- 12 Additionally, the constraints of this thesis do not allow for a detailed discussion of all aspects of the trade mark infringement, hence the stress of the analysis will be put on the issues specific for the conflict with a design and common for all EU Member States.
- 13 according to the International Monetary Fund, World Economic Outlook Database, Apr. 2011, Report for Selected countries and subjects, available at: http://www.imf.org/external/pubs/ft/weo/2011/01/weodata/weorept.aspx?sy=2007&ey=2010&scsm=1&ssd=1&sort=country&ds=.&br=1&c=941%2C946%2C137%2C122%2C181%2C124%2C918%2C138%2C964%2C182%2C968%2C423%2C935%2C128%2C936%2C939%2C961%2C172%2C184%2C132%2C134%2C174%2C144%2C944%2C178%2C136%2C112&s=NGDP_RPCH%2CNGDPD%2CPPPPC&grp=0&a=&pr1.x=15&pr1.y=15 (last visited June 5, 2012).

II. Distinctive signs, the Community design and the conflict between them

A. *The notion of a distinctive sign*

Distinctive signs lack a legal definition. In the literature, they have been described as signs used in relation to commercial activities which have a distinctive character, i.e. are capable of distinguishing goods or services of one undertaking from those of other undertakings, thereby allowing the customers for the identification of the source of those goods or services.¹⁴ However some authors do not limit the definition only to commercial activities and source-identifying function. Hildebrandt includes those signs which have a distinguishing function regardless of the matter that is being distinguished, thereby including trade marks – as distinguishing between the products, company indicia – as distinguishing between the companies, titles of works – as distinguishing between works, geographical indications – as distinguishing between the regions from which the products originate and names – as distinguishing between different persons.¹⁵

A sign as such also lacks a legal definition. The ECJ has only stated that it should be perceivable with one of the five senses.¹⁶ In the design context, this must be limited to the eligibility for perception by sight, as a design is the appearance of a product.¹⁷

14 Jūratė Truskaitė, *Problems of legal protection of distinctive signs, Summary of doctoral dissertation*, Vilnius 2009, 7; MPI Study on the Overall Functioning of the European Trade Mark System, available at: http://ec.europa.eu/internal_market/indprop/docs/tm/20110308_allensbach-study_en.pdf (last visited June 5, 2012) 50-51.

15 Ulrich Hildebrandt *Marken und andere Kennzeichen. Handbuch für die Praxis* [2010] Carl Heymanns Verlag 2010, 1-2, (hereinafter: Hildebrandt); this approach seems to have been taken by the OHIM, see: The Manual concerning the Examination of Design Invalidity Applications, available at: http://oami.europa.eu/ows/rw/resource/documents/RCD/guidelines/manual/design_invaliditiy_manual.pdf (last visited June 5, 2012), (hereinafter: *Community Design Invalidation Manual*), C.7.1., which includes in the notion of distinctive signs registered trade marks, as well as signs which can be relied on in the context of Art. 8(4) CTMR, these in turn include unregistered trade marks, other signs used in the course of trade, trade names, company names, business designations, titles and geographical indications, as described in the Manual of Trade Mark Practice, available at: http://oami.europa.eu/ows/rw/resource/documents/CTM/legalReferences/partc_nonregisteredrights.pdf (last visited June 5, 2012), C.4.5.3.1.

16 ECJ Case C-321/03 - *Dyson v Registrar of Trade Marks*, 2007 ECR I-0068707, para. 29-30.

17 Art. 3(a) CDR.

It seems that the most relevant aspect of a sign's distinctiveness is that it allows the consumers to distinguish between goods, services and undertakings, therefore enabling them to differentiate between the source of goods or services or between traders. With respect to distinctive signs other than registered trade marks, the OHIM includes in their characteristics the fact that they are based on use, are trade or business related and not merely personal, serve a distinguishing function in the course of trade and are of exclusive nature, i.e. confer ownership or an ownership-like position.¹⁸

In that respect the likely ground for the application of Art. 25(1)(e) CDR will be the conflict with prior trade marks, rights of similar character such as company symbols, trade names, work titles¹⁹ other names, and signs which can be protected under unfair competition provisions. While geographical indications and domain names can be seen as distinctive signs in a broad sense, they either do not point to a single commercial source of the goods or services (geographical indications), or do not incorporate a proprietary right to prohibit the use (in the case of domain names)²⁰ and therefore go beyond the scope of this thesis. Designs cannot be qualified as distinctive signs because they are protected as such, not as indicators of origin.²¹

The Community trade mark is a unitary right governed by a single legal act²² and national trade mark laws have been harmonized by the TMD. Other distinctive signs remain in the competence of the national legislators.

1. Trade Mark

a) General remarks

Trade marks are any signs that are capable of being represented graphically and of distinguishing the goods or services of one undertaking from those of other undertakings.²³ This distinctive character, i.e. recognisability among the relevant consumers is defined as “capacity of a trade mark to (...) be retained in the

18 The Manual of Trade Mark Practice, available at: http://oami.europa.eu/ows/rw/resource/documents/CTM/legalReferences/partc_nonregisteredrights.pdf (last visited June 5, 2012), C.4.5.3.1.

19 Special protection for work titles is a German peculiarity. Under §5(3) MarkenG their function is to identify the work as such, rather than its source, Franz Hacker, *Markenrecht. Das deutsche Markensystem* [2011] Carl Heymanns Verlag 2011, 302 (hereinafter: Hacker).

20 Hildebrandt *supra* note 15, §1 para. 1, 1.

21 Uma Suthersanen, *Design law: European Union and United States of America* [2010] Thomson Reuters (Legal) Limited, 166 (hereinafter: Suthersanen).

22 Art. 2(2) CTMR.

23 Art. 4 CTMR, Art. 2 TMD, §3 MarkenG.

memory and to be recognized again”.²⁴ Therefore a sign constituting a trade mark is not protected as such, but only as an indicator of origin²⁵ being an instrument allowing for a communication on the market between the competitors and consumers.²⁶

This origin – indicating function²⁷ has been recognized²⁸ as the essential of a trade mark. However, as the development of law has shown, it is not the only ground for the protection of trade marks, as further functions have been accepted. They are founded on the trade mark’s essential function²⁹ and include the guarantee of quality of the goods or services,³⁰ advertising function,³¹ communication and investment functions.³² For further remarks on the trade mark functions in the context of infringement – see Chapter III C. 1. b.

The trade mark system in the EU consists of the Community trade mark,³³ which requires registration and grants its owner a unitary right valid for the entire EU and the national laws harmonized under the TMD, which provides for normalisation concerning the requirements for the grant of protection³⁴ and scope³⁵ of the exclusive right. Therefore in the EU, there are 28 (Community and 27 national) systems of protection of trade marks, which are to a large extent corresponding.

- 24 Reinhard Ingerl and Christian Rohnke, *Markengesetz* [2003] C.H. Beck, §14 para. 320, (hereinafter: Ingerl/Rohnke), English translation from Hager, *Infringement of Shape Trademarks* [2003] IIC 403, 416 (hereinafter: Hager). Unless indicated otherwise, all translations included in this thesis are made by the author.
- 25 Arnaud Folliard-Monguiral and David Rogers *The Protection of Shapes by the Community Trade Mark* [2003] E.I.P.R. 169.
- 26 Karl-Heinz Fezer *Entwicklungslinien und Prinzipien des Markenrechts in Europa Auf dem Weg zur Marke als einem immaterialgüterrechtlichen Kommunikationszeichen* [2003] GRUR 2003, 457, 461.
- 27 Recital 8 CTMR, Recital 10 TMD.
- 28 in ECJ Case 102/77 - *Hoffmann-La Roche & Co. AG v Centrafarm*, 1978 ECR 01139, para. 7, confirmed i.a. in ECJ Case C-206/01 – *Arsenal Football Club plc v Matthew Reed*, 2002 ECR I-10273, para. 48.
- 29 Andrew Griffiths, *The Trade Mark Monopoly: An Analysis of the Core Zone of Absolute Protection under Art. 5.1(a)* [2007] I.P.Q. 312, 322.
- 30 ECJ Case C-39/97 - *Canon Kabushiki Kaisha and Metro-Goldwyn-Meyer Inc.*, 1998 ECR I-05507, para. 28; ECJ Case C-206/01 – *Arsenal Football Club plc v Matthew Reed*, 2002 ECR I-10273, para. 48.
- 31 ECJ Case C-337/95 - *Christian Dior BV v Evora BV*, 1997 ECR I-06013 para. 45, ECJ Case C-59/08 - *Copad SA v Christian Dior Couture SA et. al.*, 2009 ECR I-03421 para. 37, ECJ Case C-487/07 - *L’Oreal v Bellure*, 2009 ECR I-05185, para. 58.
- 32 ECJ Case C-487/07 - *L’Oreal v Bellure*, 2009 ECR I-05185, para. 58.
- 33 Art. 1 CTMR.
- 34 Recital 7, Art. 2–4 TMD.
- 35 Recital 9, Art. 5–7, 9–11 TMD.

As a result the trade marks that can conflict with a Community design include registered Community trade marks, registered national trade marks and unregistered national trade marks, which is possible due to the fact that TMD foresees a minimum harmonization.³⁶ In particular §4 No 2 MarkenG allows for trade mark protection of signs as long as they have been used as an origin indicator for specific goods or services and as such have acquired recognition among the relevant public,³⁷ registration not being a condition for such protection.

Consequently even though the national laws of the Member States of the EU show some divergences as far as the catalogue of signs protectable under the trade mark law is concerned,³⁸ once they come to existence, they are granted the same scope of protection³⁹ and therefore will be described together in Chapter III of this thesis.

b) Trade marks that may conflict with a Community design

Subject to the limitations regarding certain characteristics of a sign,⁴⁰ the law does not provide any exceptions to eligibility for trade mark protection as far as the type of sign is concerned. The respective provisions of Art. 4 CTMR and Art. 2 TMD provide mere lists of examples of such signs, including i.a. words, designs and shape of goods or of their packaging. In particular, as the ECJ has stated, the requirements for grant of protection for the three-dimensional marks do not differ from those applicable for other types of marks, although the relevant consumer does not usually perceive the product forms as indicative of source.⁴¹

36 Recital 4 TMD.

37 Hacker, *supra* note 19, 93.

38 e.g. Danish law protecting unregistered trade marks acquired through use on the one hand and the French law requiring compulsory registration—on the other, Urszula Promińska, *Znaczenie prawne wcześniejszego używania znaku towarowego w świetle regulacji prawa znaków towarowych* [2007] PPH, 6, 7.

39 with the exception of the Benelux Countries who were the only Member States providing for additional trade mark protection by implementing Art. 5(5) TMD in Art. 2.20(1)(d) Benelux IP Treaty. For detailed analysis see: Tobias Cohen Jehoram, Constant van Nispen and Tony Huydecoper, *European Trade mark Law. Community Trade mark Law and Harmonized National Trade mark Law* [2010] Wolters Kluwer, 320-324 (hereinafter: Jehoram/van Nispen/Huydecoper).

40 Art. 7–8 CTMR, Art. 3-4 TMD.

41 ECJ Combined Cases C-53/01 - *Linde AG*, C-54/01 - *Winward Industries Inc.* and C-55/01 - *Rado Uhren AG*, 2003 ECR I-03161, para. 46, 48.

The trade marks which are most likely to be conflicting with a design are the three-dimensional signs, in particular product shapes,⁴² product surfaces or trade dress. A further example are two dimensional signs, which will be in conflict upon the use in a two dimensional design, e.g. a pattern,⁴³ but also upon a reproduction of such mark in a three-dimensional design of a product.⁴⁴ The case law provides also examples of invalidation based on a prior word mark⁴⁵ and a figurative mark.⁴⁶ Due to the characteristics of a position mark,⁴⁷ which determines a specific use of a sign, it is also likely to be successfully used as ground for invalidation.

2. Signs protected under unfair competition law

a) General remarks

In some countries (e.g. France and Belgium) the distinctive signs are required to be registered if they are to be granted protection and no additional safeguard is available to protect a trader's reputation. Other regimes, e.g. British and Ger-

- 42 ICD 000007030 - *AM Denmark A/S v Kuan-Di Huang*, OHIM Invalidity Division Sept. 17, 2010, available at: <http://oami.europa.eu/ows/rw/pages/RCD/caseLaw/decisionsOffice/invalidity.en.do> under the ICD number; Case R 1310/2005-3 - *Galletas United Biscuits S.A. v Arluy S.L.*, OHIM Third Board of Appeal Nov. 28, 2006, available at: http://oami.europa.eu/search/legaldocs/la/EN_boa_index.cfm under the case number.
- 43 Case R 211/2007-3 - *Burberry Ltd. v Jimmy Meykranz*, OHIM Third Board of Appeal March 3, 2008, available at: http://oami.europa.eu/search/legaldocs/la/EN_boa_index.cfm under the case number.
- 44 e.g. GC Case T-148/08 - *Beifa Group Co. Ltd. v OHIM*, 2010 ECR II-01681.
- 45 Case R 137/2007-3 - *Zygmunt Piotrowski v Compagnie Gervais Danone*, OHIM Third Board of Appeal Sept. 18, 2007, available at: http://oami.europa.eu/search/legaldocs/la/EN_boa_index.cfm under the case number; ICD 000004133 - *Henkel KGaA v Jeess Polska Sp. z o. o.*, OHIM Invalidity Division Dec. 20, 2007, available at: <http://oami.europa.eu/ows/rw/pages/RCD/caseLaw/decisionsOffice/invalidity.en.do> under the ICD number; Case R 609/2006-3 - *Honeywell Analytics Ltd v Hee Jung Kim*, OHIM Board of Appeal May 3, 2007, available at: http://oami.europa.eu/search/legaldocs/la/EN_boa_index.cfm under the case number.
- 46 Case R 137/2007-3 - *Zygmunt Piotrowski v Compagnie Gervais Danone*, OHIM Third Board of Appeal Sept. 18, 2007, available at: http://oami.europa.eu/search/legaldocs/la/EN_boa_index.cfm under the case number; ICD 000003333 - *Calvin Klein Trademark Trust v Youssef el Jirari Ziani*, OHIM Invalidity Division Oct. 24, 2007, available at: <http://oami.europa.eu/ows/rw/pages/RCD/caseLaw/decisionsOffice/invalidity.en.do> under the ICD number.
- 47 Hager, *supra* note 24, 411.

man, allow for protection without registration, i.a. under unfair competition provisions.⁴⁸

This safeguard, unlike trade mark law, does not refer to any particular sign, but rather to the efforts of a market participant, his time and investment put into the creation of any subject-matter on the one hand and the behaviour of his competitor influencing that effort in an unfair way – on the other. The considerations here focus on the nature of the behaviour, the underlying achievement is protected only additionally⁴⁹ and due to the unfair competition rules having a character of general clauses, they are able to fill-in the gaps in protection provided for distinctive signs by IPRs.⁵⁰

Even though one of the basic rules governing exclusive rights prescribes the freedom of copying⁵¹ outside the limits of IP, the unfair competition law provides for its limitations.⁵² However such restriction, if applied too broadly, might limit the competition and as a result harm both the consumers and the market. Therefore the application of unfair competition provisions is limited to behaviours which are unfair. “Unfairness” of a behaviour is a term which each national legislation needs to define for itself. The harmonized notion of unfair competition codified in Art. 5 of Directive 2005/29/EC of the European Parliament and of the Council of 11 May 2005 concerning unfair business-to consumer commercial practices in the internal market, is a general clause, broad enough for national laws to incorporate their developed legal attitudes.

b) Signs protected under unfair competition that may conflict with a Community design

The object of protection under unfair competition provisions are i.a. products in which the customers are interested for their origin or reputation and able to rec-

48 William Cornish, David Llevelyn and Tanya Aplin, *Intellectual Property: Patents, Copyright, Trade Marks and Allied Rights* [2010] Sweet&Maxwell, 638-639 (hereinafter: Cornish/Llevelyn/Aplin).

49 Eckhart Gottschalk and Sylvia Gottschalk, *Das nicht eingetragene Gemeinschaftsgeschmacksmuster: eine Wunderwaffe des Designschutzes?* [2006] GRUR Int 461, 466 with further references (hereinafter: Gottschalk/Gottschalk).

50 Ansgar Ohly, *Designschutz im Spannungsfeld von Geschmacksmuster-, Kennzeichen- und Lauterkeitsrecht*, [2007] GRUR 2007, 731, 736 (hereinafter: Ohly 2007).

51 *Id.* 735.

52 Ansgar Ohly, *The Freedom of Imitation and its Limits – A European Perspective* [2010] IIC 505, 512.

ognize them due to their characteristics.⁵³ These have been defined in the case-law as products having a competitive individuality which as a whole or through their features are able to transfer to the consumers the message as to their origin or characteristics.⁵⁴ In the case of distinctive signs, most of them can be perceived either as a product or as its feature that possesses the competitive individuality.

The protection under unfair competition is in some respects broader than that under trade mark law.⁵⁵ Still, the underlying notion of both trade mark distinctiveness and competitive individuality is that the more uncommon the sign – the more likely it is to possess both distinctiveness and competitive individuality.⁵⁶

The existence of competitive individuality is a question of fact and is judged taking into account all the relevant circumstances, such as novelty, originality, recognisability among the relevant public, level of advertising or fame, and even costs and effort of promotion.⁵⁷ Therefore it can be inherent to a product due to its characteristics,⁵⁸ or it can be gained through time, similarly as secondary meaning in trade mark law.⁵⁹

3. Company symbols and work titles, §5 MarkenG

a) General remarks

Company symbols and work titles are protected under the German trade mark law.

According to §5(2) MarkenG company symbols are “signs used in the course of trade as names, trade names, or special designations of business establishment or enterprises. Business symbols and other signs intended to distinguish one

53 Dissmann in: Maximiliane Stöckel and Uwe Lüken, *Handbuch Marken- und Designrecht* [2006] Erich Schmidt Verlag 495 (hereinafter: Stöckel/ Lüken).

54 Ohly in: Henning Piper, Ansgar Ohly, Olaf Sosnitza, *Gesetz gegen den unlauteren Wettbewerb* [2010] C.H. Beck, §4 No.9, para. 9/32 (hereinafter: Piper/Ohly/Sosnitza); BGH GRUR 1997, 754, 756 - „grau/magenta”.

55 Ohly suggests that the unfair competition can protect the “small coins” of distinctive signs due to the lower requirement of competitive individuality, Ohly 2007, *supra* note 50, 738, though the taking unfair advantage of distinctiveness may be pursued only under trade mark law, BGH GRUR 2007, 795, 799 - *Handtaschen*.

56 Ansgar Ohly, *Die Europäisierung des Designrechts* [2004] ZEuP 296, 309 (hereinafter: Ohly 2004).

57 Ohly in: Piper/Ohly/Sosnitza *supra* note 54, §4 No.9 para. 9/44.

58 BGH GRUR 2008, 793, 796 - *Rillenkoffer*.

59 Dissmann in: Stöckel/ Lüken, *supra* note 53, 495.

business from another which are regarded within the affected circles as the distinctive signs of a business establishment, shall be equivalent to the special designation of a business establishment”.⁶⁰ The difference between those signs and trade marks is that while marks refer to goods or services and only indirectly to their source, the company symbols convey a direct information on the origin.⁶¹

The company symbols come into existence with the begin of their use, regardless of registration, if they are inherently distinctive, or if that is not the case - when they acquire secondary meaning.⁶² Nevertheless the notion of company symbols includes trade names which require registration,⁶³ and which are protected as company symbols additionally to the protection provided for them by the HGB.

Under §5(3) MarkenG, work titles cover designations of printed publications and cinematographic, musical, dramatic or other works. Since they refer to the work itself, they may confer an information about origin only indirectly.

b) Company symbols that may conflict with a Community design

Company symbols include names, i.e. words which identify a person (natural or legal) or an object and can only be represented with words. Any other sign, including symbols,⁶⁴ logos, colours, or even slogans can be protected under §5(2) MarkenG, once they acquire a distinctive character among the relevant consumers as indicating the company.⁶⁵ Taking into consideration their characteristics, and the characteristics of work titles (§5(3) MarkenG) any of those symbols could potentially be used in a design.

60 §5(2) MarkenG, English translation taken from http://www.ip-firm.de/markeng_e.pdf (last visited June 5, 2012).

61 Lützen in: Stöckel/ Lützen, *supra* note 53, 251.

62 *Id.* 254.

63 §29 HGB.

64 BGH GRUR 2005, 419, 422 - *Räucherkatze*.

65 Lützen in: Stöckel/ Lützen, *supra* note 53, 254.

4. Firma (trade name), §17 HGB

a) General remarks

Trade name is a registered name of a merchant which he uses in his commercial activities.⁶⁶ It identifies the trader (a natural or legal person) in his activities on the market, thereby allowing for the recognition of the market participants and their activities. Trade name differs from commercial symbols in that it points to a person or entity rather than to a commercial activity, therefore a trader can have only one trade name, while at the same time owning different commercial symbols, identifying different activities that he exercises.⁶⁷

b) Trade names that may conflict with a Community design

Trade names must be distinctive and capable of identifying their owner and may not include information that might be misleading for the market participants.⁶⁸ Therefore they can consist only of words and symbols possessing a recognised meaning that can be pronounced (e.g. &).⁶⁹ As such – they might be used in a Community design, especially of a pattern or logo.

5. Names §12 BGB

a) General remarks

§12 BGB regulates the protection of names, i.e. designations which allow for an individualization of natural or legal persons and other entities,⁷⁰ allowing them to act against unauthorised uses of those names by others, potentially also use in a Community design. Since trade names are seen as names, and names – may be seen as company symbols, while at the same time they all may constitute trade

66 §17, §29 HGB.

67 Heidinger in: *Münchener Kommentar zum HGB* [2010] C.H. Beck §17 para. 35.

68 §18 HGB.

69 Heidinger in: *Münchener Kommentar zum HGB* [2010] C.H. Beck §17 para. 12.

70 Thomas Nägele *Das Verhältnis des Schutzes geschäftlicher Bezeichnungen nach §15 MarkenG zum Namensschutz nach §12 BGB* [2007] GRUR 2007, 1007, 1008 (hereinafter: Nägele).

marks - there exists a crossover of protection under the trade mark rules, §15 MarkenG, §37 HGB and §12 BGB.⁷¹

b) Names that may conflict with a Community design

Protection of names under §12 BGB covers any signs that may identify a person or entity as their name, therefore not only words (as under protection of trade names), but also figurative elements, such as emblems, seals or logos.⁷²

B. *The notion of a Community Design*

The design is a legal instrument for the protection of creations that form external shapes of products or their parts,⁷³ and result from the features of a product and/or its ornamentation, as long as they are new and have individual character.⁷⁴ It protects the visual appearance, which includes two-dimensional representations, such as get-up and typefaces. This protection is of an abstract character, not confined to a defined range of products.⁷⁵

The substantive requirements of novelty⁷⁶ and individual character⁷⁷ of a design have an essential bearing on the validity of the Community design as the existence of prior rights may lead to the destruction of the design's novelty or individual character and as a result – form a ground for declaration for its invalidity under Art. 25(1)(b) CDR.

Novelty under Art. 5 CDR is judged against an identical design that has been made available⁷⁸ prior to an unregistered Community design, or – in case of the

71 This multiple protection is accepted in §2 MarkenG. The relationship between the various provisions is examined more closely in Chapter III C. 2-5.

72 BGH GRUR 1993, 151, 153 - *Universitätseblem*.

73 Casado Cerviño and Wahl in: Charles Gielen and Verena von Bomhard (eds.), *Concise European Trade Mark and Design Law* [2011] Wolters Kluwer, 360 (hereinafter: Gielen/ von Bomhard).

74 Art. 3 and Art. 4 CDR.

75 Charles-Henry Massa and Alain Strowel, *Community Design: Cinderella Revamped*, [2003] E.I.P.R. 68, 72.

76 Art. 5 CDR.

77 Art. 6 CDR.

78 The concept of making available referred to in Art. 5 and Art. 6 of CDR is clarified in Art. 7 CDR and is limited to events that could have reasonably become known to the specialized business circles in the Community. The discussion of this concept goes beyond the scope of this thesis. For more detailed analysis see: *Green Lane Products Limited v PMS International*

registered Community design – prior to the filing of the application for its registration or its claimed priority. Immaterial differences⁷⁹ between the Community design and the novelty-destroying design should be disregarded, while the assessment is made from an objective perspective, which, unlike copyright, excludes protection for designs that were independently created.⁸⁰

The design's individual character, similarly as novelty, is assessed against a single piece of prior art.⁸¹ However, the requirement it involves is on the one hand less stringent, on the other - more difficult to prove: if the Community design does not produce on the informed user a different overall impression than the prior design, it is lacking individual character and hence is eligible for invalidation under Art. 25(1)(b) CDR. The impression both designs make is judged from the perspective of an informed user, who is defined as a notional user of the designs at issue, who is "particularly observant and has some awareness of the state of the prior art, that is the previous designs relating to the product in question".⁸²

The Community design system includes registered⁸³ and unregistered⁸⁴ Community designs. The unregistered Community design is granted protection upon the making available⁸⁵ and the registered Community design - upon registration in OHIM which however does not include a substantive examination, in particular of novelty and individual character.⁸⁶

Group [2008] EWCA Civ 358 and comments of Johanna Brückner-Hofmann in: Hatrwig, *Designschutz in Europa* [2009] Vol.3 Carl Heymanns Verlag 234, 251.

79 Such as difference in hue, but not in colour, according to Musker in: Gielen/ von Bomhard, *supra* note 73, 367.

80 Musker in: Gielen/ von Bomhard, *supra* note 73, 367.

81 *Id.* 368.

82 GC Case T-9/07 - *Grupo Promer Mon Graphic SA v OHIM*, 2010 ECR II-00981, para. 62. This decision was appealed to the CJEU and the judgment of the GC was confirmed by the Court in CJEU Case C-281/10P - *PepsiCo, Inc. v Grupo Promer Mon Graphic SA*, O.J. (C 362) 9, available at: http://curia.europa.eu/jcms/jcms/j_6/, under the case number.

83 Art. 1(2)(b) CDR, Art. 35 et seq. CDR.

84 Art. 1(2)(a) CDR, Art. 11 CDR.

85 The making available is understood as a Community disclosure, Art. 11, Art. 110a CDR. For a detailed analysis see: Víctor Sáez, *The Unregistered Community Design* [2002] E.I.P.R. 585, 588.

86 Art. 45, Art. 47 CDR, Casado Cerviño and Wahl in: Gielen/ von Bomhard, *supra* note 73, 361.

C. *The area of conflict between distinctive signs and the Community design*

Community designs protect the appearance of a product and cover i.a. three-dimensional objects, packaging, patterns, logos and typefaces. As has been shown above - all those objects of a design may be protected as distinctive signs. Since the existence and possible conflict with a prior sign are not part of the considerations made upon grant of protection for a Community design, the eligibility for such protection is in fact judged in invalidation proceedings instigated only by the interested market participants.⁸⁷

The conflict with a prior distinctive sign may lead to the invalidation of a Community design either on the basis of Art. 25(1)(b) CDR – when it can be shown that the sign forms part of the prior art and the Community design is either identical (in the case of asserted lack of novelty) or, though not being identical, does not produce a different overall impression on the informed user. The third ground for invalidation relevant for holders of distinctive signs is Art. 25(1)(e) i.e. situation where the owner of a prior right is able to show that the Community design in fact infringes his prior right, whereas this infringement claim may be based on any, Community or national, legal ground as long as it confers on the owner of the sign a right to prohibit the use of his sign.

If a design is not novel it will also not possess individual character.⁸⁸ However, even if the design is novel and possesses individual character, it might nevertheless infringe a prior distinctive sign (especially in cases where there is no likelihood of confusion between the signs but there exists a likelihood of association or where the prior sign has a reputation). As will be shown in the subsequent chapters, the ground for invalidation of a Community design on the basis of its conflict with a prior distinctive sign, grants its owner a broad selection of weapons against the design.

87 Anyone – in case of Art. 25(1)(b) CDR or the holder of a prior sign in case of Art. 25(1)(e) CDR, as prescribed in Art. 25(3) CDR.

88 Musker in: Gielen/ von Bomhard, *supra* note 73, 367.

III. Art. 25 (1)(e) CDR as ground for invalidation of a Community design

A Community design will be declared invalid under Art. 25(1)(e) CDR if an earlier distinctive sign is used in this design and the Community law or the law of the Member States governing that sign confers on the rightholder of the sign the right to prohibit such use.

The analysis will therefore encompass the following considerations:

- whether the distinctive sign was used in the Community design (*infra* under A.);
- whether the distinctive sign is protected under the Community law or national law of a Member State (*supra* Chapter II.);
- whether the distinctive sign is prior to the Community design (*infra* under B.);
- whether the owner of the distinctive sign has the right to prohibit its use (*infra* under C.);
- whether there are any limitations to the protection of the distinctive sign (*infra* under D.).⁸⁹

A. Use of a distinctive sign in a subsequent design

As the OHIM Invalidity Division stated with regard to trade marks, “registered Community design is deemed to use a sign which is identical or similar to the sign of the earlier trade mark, where the following two conditions are met: (1) The registered Community design contains a feature which is perceived as a sign. (2) That sign is identical or similar to the sign of the trade mark. A feature of a registered Community design cannot be perceived as a sign where that sign is devoid of distinctive character”.⁹⁰ Hence, the starting point of the analysis is the existence of a feature in the design which has a distinctive character. If that requirement is fulfilled the second step is to establish whether this feature of the design is similar or identical to the sign that is seeking protection. Other ele-

89 Oliver Ruhl, *Gemeinschaftsgeschmacksmuster. Kommentar* [2007] Carl Heymanns Verlag 465 – 468 (hereinafter: Ruhl 2007).

90 ICD 000007030 - *AM Denmark A/S v Kuan-Di Huang*, OHIM Inv. Div. Sept. 17, 2010, available at: <http://oami.europa.eu/ows/rw/pages/RCD/caseLaw/decisionsOffice/invalidity.en.do> under the ICD number, para. 22.

ments of the design which do not form part of the allegedly used sign should be disregarded.⁹¹

The use of a sign in a subsequent Community design does not require an exact and detailed reproduction of that sign.⁹² Judging similarity or identity involves a comparison between the feature of the design and the sign as protected, i.e. in case of registered trade marks, the comparison must be between the design at issue and the mark as registered, not as used.⁹³ To assess whether a sign is used, Hager proposes a determination whether the feature corresponding to the sign “is swallowed up in the overall appearance to such an extent that it is only interpreted as part of the product like any other element or design feature”.⁹⁴ If so – then the design at issue will not use any feature that might conflict with a distinctive sign.

B. Prior distinctive sign and a subsequent design

The decision on whether the design is junior in relation to the distinctive sign boils down to comparing the date of begin of the Community design and the date of the commencement of the prohibiting effect of the distinctive sign.

Whether the distinctive sign has existed and provided its owner with the right to prohibit an unauthorised use of that sign prior to the design at question will be judged, in case of the registered rights, by the date of the publication of registration or application for registration⁹⁵ or, in the case of rights that do not require registration - under national laws regulating the protection of the respective distinctive sign.⁹⁶

The existence of a Community design begins in the case of the registered Community design on date of filing of the application for registration with the OHIM, a central industrial property office of a Member State or with the Bene-

91 Unlike assessment of novelty under Art. 5 CDR and of individual character under Art. 6 CDR where the design as a whole is compared with the prior sign.

92 Neville Cordell and Tim Austen, *European GC highlights conflict between trade marks and designs* [2010] 5 JIPLP 622, 623, *Community Design invalidity Manual*, *supra* note 15, C.7.2.

93 GC Case T-148/08 - *Beifa Group Co. Ltd. v OHIM*, 2010 ECR II-01681, para. 114; Hager, *supra* note 24, 413.

94 Hager, *supra* note 24, 411.

95 Art. 9(3) CTMR, §14(1) MarkenG.

96 §14(1) MarkenG for unregistered trade marks and company symbols; acquiring of competitive individuality – under unfair competition protection, Ohly in: Piper/Ohly/Sosnitza, *supra* note 54, §4 No.9, para. 9/25; with the begin of the use or acquiring distinctiveness as name – under §12 BGB, Hildebrandt *supra* note 15, 449; with registration – under §29 HGB.

lux Design Office,⁹⁷ and of the unregistered Community design – on the date on which the design was first made available to the public in the Community.⁹⁸ Hence those respective dates will be taken into account when judging whether the design is “subsequent” within the meaning of Art. 25 (1)(e) CDR. In the context of Art. 8(4) CTMR the General Court has expressed the view that the existence or protection of a prior sign invoked under the provisions of the UK law of passing off must be established at the time of the filing of the contested trade mark rather than on the date when the goods or services bearing the contested mark were offered on the market.⁹⁹ It is submitted that these considerations are adequate also in the Community design context.

C. *Right to prohibit the use of a prior distinctive sign*

Not every use of a prior distinctive sign in a Community design will lead to its invalidity. It is necessary that the owner of the prior sign has the right to prohibit the use, i.e. that the design falls into the scope of protection of the sign and infringes the owner’s rights.

The scope of protection of trade marks, company symbols and work titles, trade names, names and unfair competition provisions, with the view on the potential conflict with a design right are described below.

1. The scope of protection of trade marks

The provisions on scope of protection of the CTMR mirror those of the TMD, and hence should be interpreted in the same way.¹⁰⁰ Therefore the protection for trade marks based on the CTMR and harmonized national laws will be described simultaneously, with a reference to the relevant provisions of both texts. Additionally, Art. 8 CTMR and Art. 4 TMD use substantially identical terms as Art. 9 CTMR and Art. 5 TMD respectively, accordingly the interpretation given by the

97 Art. 12 and 34 CDR, however if the documents from the national office reach OHIM later than 2 months after the national filing – the date of receiving the documents by OHIM counts as the filing date. Remarkably, the priority does not influence the term of protection of the registered Community design, Art. 43 CDR, Suthersanen, *supra* note 21, 147-148.

98 Art. 11 and 110a CDR.

99 GC Case T-303/08 - *Tresplains Investments v OHIM*, O.J. (C 30) 35, available at: http://curia.europa.eu/jmcs/jmcs/j_6/ under the case number, para. 98-99.

100 Cornish/Llevelyn/Aplin, *supra* note 48, 708.

Court on Art. 8 CTMR or Art. 4 TMD applies also to infringement, as confirmed by the European Court of Justice.¹⁰¹

The owner of a trade mark is entitled to prevent others from using in the course of trade:

- a sign identical to the trade mark for identical goods or services as those for which the trade mark is registered¹⁰² (double identity),
- a sign identical or similar for identical or similar goods or services as those for which the trade mark is registered, when there exists a likelihood of confusion with the trade mark,¹⁰³
- identical or similar sign for goods or services that are not similar when the trade mark has a reputation and when such use takes unfair advantage or is detrimental to the distinctive character or repute of the mark.¹⁰⁴

a) Use in the course of trade

The first requirement for the trade mark protection, common for all three types of infringement is that the allegedly infringing sign (the design at issue) is used in the course of trade.¹⁰⁵ Use in the course of trade will be found where the “sign is used in the scope of a commercial activity in pursuit of an economic advantage, instead of acts for private purposes or acts that are not directly or indirectly aimed at gaining an economic advantage”.¹⁰⁶ The registration of a Community design will presuppose its use in the course of trade “since the purpose of registering a design is its use for commercial purposes”.¹⁰⁷

The requirement of use in the course of trade became a starting point¹⁰⁸ for a discussion on whether the infringing sign must furthermore be used “as a trade mark” and if yes what exactly does it mean.

101 ECJ Case C-425/98 - *Marca Mode CV and Adidas AG*, 2000 ECR I-04861, para. 26-28.

102 Art. 9(1)(a) CTMR, Art. 5(1)(a) TMD.

103 Art. 9(1)(b) CTMR, Art. 5(1)(b) TMD.

104 Art. 9(1)(c) CTMR, Art. 5(2) TMD. The implementation of Art. 5(2) TMD was optional, however all Member States transposed this provision into their national laws (Cornish/Llevellyn/Aplin, *supra* note 48, footnote 530).

105 The non-exhaustive lists of such uses are provided in Art. 9(2) CTMR and 5(3) TMD.

106 Jehoram/van Nispen/Huydecoper, *supra* note 39, 266; ECJ Case C-206/01 – *Arsenal Football Club plc v Matthew Reed*, 2002 ECR I-10273, para. 40.

107 ICD 000001477 - *Hee Jung Kim v Zellweger Analytics Limited*, OHIM Invalidity Division March 1, 2006, available at: <http://oami.europa.eu/ows/rw/pages/RCD/caseLaw/decisionsOffice/invalidity.en.do> under the ICD number, para. 17.

108 ECJ Case C-206/01 – *Arsenal Football Club plc v Matthew Reed*, 2002 ECR I-10273, para. 42.

b) Trade mark use: use affecting the trade mark function

As the ECJ stated in *Arsenal*, “the exclusive right was conferred in order to enable the trade mark proprietor to protect his specific interests as proprietor, that is, to ensure that the trade mark can fulfil its functions” and therefore that this right may only be exercised where the use by the third party of the sign affects or is liable to affect its functions as trade mark.¹⁰⁹ This requirement is no longer an explicit requirement of granting protection,¹¹⁰ it is nevertheless taken into consideration by the courts finding infringement under double identity and likelihood of confusion.¹¹¹ It is not required for the protection of marks with a reputation.¹¹²

There are three¹¹³ main functions of trade marks:¹¹⁴

- Origin function – trade marks indicate the source from which the goods come, or with which they are connected, “thus enabling the consumer who purchased them to repeat the experience which proved to be positive, or to avoid it if it proves to be negative, on the occasion of subsequent acquisition”,¹¹⁵
- Quality function – trade marks provide for a “guarantee that all the goods or services bearing it have been manufactured or supplied under the control of a single undertaking which is responsible for their quality”,¹¹⁶
- Investment or advertising function – trade mark use is bound with investments in promotion of the goods or services bearing it and in advertising of the mark itself – therefore this investment should be protected in itself, as

109 ECJ Case C-206/01 – *Arsenal Football Club plc v Matthew Reed*, 2002 ECR I-10273, para. 51.

110 Cornish/Llevelyn/Aplin, *supra* note 48, 780; *Tesco Stores Ltd v Elogicom Ltd* [2006] EWHC 403, E.T.M.R. 91 para. 34; ECJ Case C-487/07 - *L’Oreal v Bellure*, 2009 ECR I-05185, para. 58, 65, the Court did require that any of the functions of a trade mark is affected by the infringing use, however blurred this condition by recognizing many trade mark functions.

111 ECJ Case C-48/05 - *Adam Opel AG v Autec AG*, 2007 ECR I-01017, para. 37.

112 Ilanah Simon, *Embellishment: Trade Mark Use Triumph or Decorative Disaster?* [2006] 6 E.I.P.I.R. 321, 328 (hereinafter: Simon 2006).

113 In ECJ Case C-487/07 - *L’Oreal v Bellure*, 2009 ECR I-05185, para. 58, the ECJ has expressly recognized also the communication function of trade marks. It is however arguable that this function is a consequence of the origin and quality function, as trade marks may carry a message regarding the source and quality of goods or services.

114 Cornish/Llevelyn/Aplin, *supra* note 48, 655.

115 CFI Case T-130/01 - *Sykes Enterprises Incorp. v OHIM*, 2002 ECR II-05179, para. 18. This function has been recognized as essential in ECJ Case 102/77 - *Hoffmann-La Roche & Co. AG v Centrafarm*, 1978 ECR 01139, para. 7; recital 8 CTMR, recital 10 TMD.

116 ECJ Case C-39/97 - *Canon Kabushiki Kaisha and Metro-Goldwyn-Meyer Inc.*, 1998 ECR I-05507, para. 28; ECJ Case C-206/01 – *Arsenal Football Club plc v Matthew Reed*, 2002 ECR I-10273, para. 48.

certain uses of a trade mark may damage its value “by detracting from the allure and prestigious image of the goods in question and from their aura of luxury”.¹¹⁷

After *L'Oreal v Bellure*, where the ECJ contended that the functions of a trade mark that can be affected by the infringing use include not only the origin function, but also any other function, and giving by way of example the quality, communication, investment and advertising functions, the problem of trade mark infringement by way of affecting its function remains unclear. Recognition of new and undefined functions of a trade mark stirs doubts as to whether this requirement remains part of the infringement test. It also lowers the legal certainty on the market. Some authors suggest that such harmonization is a negative development of the trade mark law and has no solid legal ground, since it conflicts with the protection provided under Art. 5(5) TMD which refers the protection of trade mark functions other than that of distinguishing goods or services to national law.¹¹⁸

Despite the broadening of the trade mark protection by acknowledging new functions, the courts have also recognised certain types of uses as not influencing any of the functions. Merely descriptive use on goods or on their packaging does not influence any trade mark function and the public does not perceive such use as use of the sign for the goods in question, hence such use is not infringing.¹¹⁹ If that is the case, there would be no need for the defendant (Community design owner) to call upon any of the defences to the infringement, because with the lack of trade mark use the infringement is denied already at an earlier stage.¹²⁰ As an example of a use that does not influence any of the trade mark functions, the ECJ has recognized the use to denote particular characteristics of the goods.¹²¹ The use as embellishment was considered to be a use that does not influence any trade mark function by the Advocate General Jacobs in his opinion in the case *Adidas v Fitnessworld*.¹²² However the ECJ¹²³ did not share this ap-

117 ECJ Case C-337/95 - *Christian Dior BV v Evora BV*, 1997 ECR I-06013 para. 45, similarly in ECJ Case C-59/08 - *Copad SA v Christian Dior Couture SA* et. al., 2009 ECR I-03421 para. 37 and ECJ Case C-487/07 - *L'Oreal v Bellure*, 2009 ECR I-05185, para. 58.

118 Po Jen Yap, *Essential Function of a Trade Mark: From BMW to O2* [2009] E.I.P.R. 81, 86.

119 Jehoram/van Nispen/Huydecoper *supra* note 39, 262; Ilanah Simon, *How Does “Essential Function” Doctrine Drive European Trade Mark Law?* [2005] 4 IIC 401, 413 (hereinafter: Simon 2005).

120 Christian Rütz, *Großbritannien: Die Frage der “markenmäßigen Benutzung” nach der Entscheidung des Court of Appeal in Arsenal v Reed*, GRUR Int 2004, 472, 478.

121 ECJ Case C-2/00 – *Hölderhof v Freiesleben*, 2002 ECR I-04187, para. 17.

122 Opinion of Advocate General Jacobs Case C-408/01 - *Adidas-Salomon AG and Adidas Benelux BV v Fitnessworld Trading Ltd*, 2003 ECR I-12537, para. 61.

123 ECJ Case C-408/01 - *Adidas-Salomon AG and Adidas Benelux BV v Fitnessworld Trading Ltd*, 2003 ECR I-12537, para. 41.

proach and held rather that if the relevant public considers the element to be a pure embellishment, they will not establish a link between the two marks – and that will be the basis for non-infringement.

Various types of infringing use are likely to influence different functions of a trade mark, therefore the assessment regarding the function that is being influenced by a certain use is part of the analysis of the three types of trade mark infringement presented below.

c) Use for goods or services

The protection for trade marks is granted when the allegedly infringing sign is used “in relation to goods or services”.¹²⁴ Since a design is defined through the notion of a product,¹²⁵ it is imminently connected with the goods (and more loosely – with services). However one of the characteristics of the design protection is that it is not limited as far as products to which it is applied are concerned.¹²⁶ Trade marks on the other hand are protected with regard to the goods or services for which they have been obtained or similar goods.¹²⁷ This has raised a question of whether by the fact that a design stretches onto any products, it automatically is used for the goods or services covered by any trade mark, or whether it should be established if the products covered by the design are at least similar to those protected by the trade mark.

As the OHIM Board of Appeal has found, “when the registered Community design contains a two-dimensional figurative logo, which may be applied to an infinite range of products and services, including those protected by the prior trade mark, the contested design is liable to jeopardise the guarantee of origin, which constitutes the essential function of the trade mark”.¹²⁸ Thus in such cases it is irrelevant whether the goods or services of the trade mark are similar to those for which the design is or may be used. A stronger opinion was presented by Schlötelburg, who stated that a design comprises all possible goods or ser-

124 Art. 9(1) CTMR, Art. 5(1)–(2) TMD.

125 Art. 3 CDR.

126 Though Art. 36(2) CDR requires that the application for a registered Community design indicates the products for which it is intended to be used, under Art. 36(6) CDR that indication does not affect the scope of protection of the registered design.

127 Art. 9(1) CTMR, Art. (1)–(2) TMD, with the exception of marks with a reputation, which can be protected also when used in relation to goods or services not similar to those for which the trade mark exists.

128 Case R 609/2006-3 - *Honeywell Analytics Ltd v Hee Jung Kim*, OHIM Board of Appeal May 3, 2007, available at: http://oami.europa.eu/search/legaldocs/la/EN_boa_index.cfm under the case number, para. 27.

vices and therefore it is obsolete to compare the goods or services because the ones for which the infringing design may be applied are always identical to those covered by the trade mark at issue. Consequently, according to him, the invalidation of the design should result already when it is established that the signs used by the prior trade mark and by the design are identical or similar, comparison of goods or services is not necessary.¹²⁹ Ruhl and the OHIM itself propose a different approach by stating that one should not give up the comparison of goods or services for which the trade mark and the design in question are applied. How far the comparison should go depends on the characteristics of the design, which may be applicable only to certain goods (e.g. shape of a product), to many types of goods (e.g. designs for surfaces) or to any possible good (e.g. logos).¹³⁰

Furthermore the design needs not be attached to goods – it can be used in relation to them, which is judged by the relevant public.¹³¹ Therefore it is possible to apply for the invalidation of a design which has not yet been put into use, the abstract judgement of possible use in relation to goods for which the trade mark is applied is sufficient to establish the infringement of such trade mark.

d) Double identity

The infringement under Art. 9(1)(a) CTMR / Art. 5(1)(a) TMD will be found where a third party uses an identical sign without the authorisation of the trade mark owner for identical goods or services and this use affects or is liable to affect “the functions of the trade mark, in particular its essential function of guaranteeing to consumers the origin of the goods or services”.¹³² This protection is absolute¹³³ and unconditional.

In the case *LTJ Diffusion v Sadas*, the ECJ clarified the notion of identity of signs by stating that “sign is identical with the trade mark where it reproduces,

129 Martin Schlötelburg, *Musterschutz an Zeichen*, GRUR 2005 123, 126-127 (hereinafter: Schlötelburg); similarly: Gottschalk/Gottschalk, *supra* note 49, 467.

130 Ruhl 2007, *supra* note 89, Art. 25 para. 31; Hartwig and Traub also suggest examination of goods or services for similarity in Comments to ICD 000001477 - *Hee Jung Kim v Zellweger Analytics Limited*, OHIM Invalidity Division March 1, 2006, in Hartwig, *Designschutz in Europa* [2007] Vol.1 Carl Heymanns Verlag 211, 220 (hereinafter: Hartwig 2007), the same approach has been included in *Community Design Invalidity Manual*, *supra* note 15, C.7.4.

131 Amanda Michaels, *A Practical Guide to Trade Mark Law* [2002] Sweet&Maxwell 4.17.

132 *L'Oreal v eBay* [2009] EWHC 1094 (Ch) para. 283 and the caselaw cited therein.

133 In comparison to protection under Art. 9(1)(b) CTMR and Art. 5(1)(b) TMD, double identity does not require proving likelihood of confusion, Simon 2005, *supra* note 119, 412; confirmed in Recital 8 to CTMR, Recital 10 to TMD, and in ECJ Case C-245/02 - *Anheuser-Busch Inc. v Budějovický Budvar, národní podnik*, 2004 ECR I-10989 para. 63.

without any modification or addition, all the elements constituting the trade mark or where, viewed as a whole, it contains differences so insignificant that they may go unnoticed by an average consumer”.¹³⁴

Whether the signs and goods are identical is judged from the standpoint of the average consumer, that is a consumer of the goods in question who is reasonably observant and circumspect¹³⁵ and compares the signs and goods globally,¹³⁶ relying on his imperfect recollection of the signs that he has come across on the market, not side-by side, while the level of his attention will vary according to the category of the goods or services for which the sign is protected under the trade mark.¹³⁷ Even though the stronger, more distinctive signs are granted more protection,¹³⁸ the decision-making body may not include the level of distinctiveness of the mark claiming protection and its elements upon comparison of the signs to such an extent as to call into question the validity of the earlier mark.¹³⁹

Despite the absolute character of the protection, for the protection under double identity to step in it must be established that the allegedly infringing use is a use that affects any of the functions of the trade mark.¹⁴⁰ Additionally, where the infringing goods are identical to the ones of the trade mark owner, Art. 5(1)(a) TMD establishes a presumption that those functions are compromised.¹⁴¹ Therefore where there exists an identity of both signs and goods or services, the analysis of the infringement under double identity boils down to answering the question whether the design at issue uses an identical sign to the sign of the mark.

The case-law has provided for an example of invalidation of a Community design on the basis of Art. 25(1)(e) CDR in connection with Art. 5(1)(a) TMD in the “pasteboard multi package container” design which in the drawing included bottles bearing a trade mark.¹⁴²

134 ECJ Case C-291/00 - *LTI Diffusion SA v Sadas Vertbaudet SA*, 2003 ECR I-02799, para. 54.

135 ECJ Case C-210/96 - *Gut Springenheide and Tusky*, 1998 ECR I-04657, para. 31.

136 ECJ Case C-251/95 - *Sabel BV and Puma AG v Rudolf Dassler Sport*, 1997 I-06191, para. 23.

137 ECJ Case C-342/97 - *Lloyd Schuhfabrik Meyer & Co. GmbH v Klijsen Handel BV*, 1999 ECR I-03819, para. 26, confirmed with respect to invalidation of a Community design in GC Case T-148/08 - *Beifa Group Co. Ltd. v OHIM*, 2010 ECR II-01681, para. 51.

138 ECJ Case C-425/98 - *Marca Mode CV and Adidas AG*, 2000 ECR I-04861, para. 38, referring to ECJ Case C-251/95 - *Sabel BV and Puma AG v Rudolf Dassler Sport*, 1997 I-06191, para. 24.

139 ECJ Case C-196/11 P - *Formula One Licensing BV v OHIM*, May 24, 2012, available at: http://curia.europa.eu/jcms/jcms/_6/ under the case number.

140 ECJ Case C-487/07 - *L'Oreal v Bellure*, 2009 ECR I-05185, para. 58.

141 Opinion of Advocate General Ruiz-Jarabo Colomer Case C-206/01 - *Arsenal Football Club plc v Matthew Reed*, 2002 ECR I-10273, para. 52.

142 Case R 137/2007-3 - *Zygmunt Piotrowski v Compagnie Gervais Danone*, OHIM Third Board of Appeal Sept. 18, 2007, available at: http://oami.europa.eu/search/legaldocs/la/EN_boa_ind_ex.cfm under the case number, para. 4, 20-22.

e) Likelihood of confusion

Under Art. 9(1)(b) CTMR / Art. 5(1)(b) TMD respectively, the scope of protection of a trade mark covers the use of a sign which is identical or similar to the trade mark and is used for goods which are identical or similar to those covered by the trade mark, when there exists a likelihood of confusion on the part of the public between the sign and the trade mark, which includes the likelihood of association between them.

The similarity of signs, of goods and likelihood of confusion are assessed from the point of view of relevant consumer of the goods or services in question¹⁴³ (for further analysis of the notion of the relevant consumer see *supra* under d).

(1) Similarity of signs

The assessment of the degree of similarity of signs follows the same considerations as the review under the double identity test (see *supra* under d). The elements of the mark in question which are devoid of distinctive character may not be taken into account upon comparison, as they do not contribute to the mark's function as origin indicator.¹⁴⁴ The comparison is made between the trade mark as registered (or as used – in the case of unregistered trade marks in Germany) and the alleged infringer's actual practice,¹⁴⁵ i.e. in the case of the registered Community design – the design as registered and in the case of the unregistered Community design – the design as made available to the public. It has however been suggested by Hager that in the case of shape marks the shape features not directly apparent from the registration should not be ignored, because the public does not perceive the shape marks in their two-dimensional graphic representation but in the form in which they are actually used. Ignorance of the features deriving from use would “falsify the identifying function of shape trade marks”. According to him these considerations should however not go as far as to create a different object of comparison than that which was registered.¹⁴⁶ This approach has not been shared by the General Court who, judging on invalidation of a Community design, annulled the decision of the OHIM Board of Appeal stating that it was issued on the basis of a comparison with a three-dimensional image,

143 ECJ Case C-210/96 - *Gut Springenheide and Tusky*, 1998 ECR I-04657, para. 31.

144 Just as “if an element of a product is not perceived by the public as an indication of origin, the protected sign as such cannot be impaired”, Hager, *supra* note 24, 410.

145 Cornish/Llevellyn/Aplin, *supra* note 48, 785.

146 Hager, *supra* note 24, 414.

while the registered trade mark was two-dimensional. The reason for the annulment being the fact that “a three-dimensional mark (...) is not necessarily perceived by the relevant public in the same way as the figurative mark”, the three-dimensional sign being perceived from a number of angles, the two-dimensional only as an image.¹⁴⁷ However the OHIM Board of Appeal was of the opinion that when a two-dimensional pattern (protected as trade mark) is put on a three-dimensional design, the overall impression may be such that the design uses the trade mark.¹⁴⁸

The global appreciation of the signs covers the visual, aural and conceptual similarity and must be based on the overall impression given by the marks. However a finding of similarity on all those levels of comparison is not required. It is enough that the existence of at least one of them is found by the court, taking into account the situation in which the consumer encounters the products bearing the mark.¹⁴⁹ Therefore the comparison of signs is not made in isolation from the goods which are covered by the trade mark (even though the goods are compared at a subsequent step of the test).

The visual similarity is the core of comparison in judging the conflict between a design and a prior mark, as design is defined through the appearance of a product¹⁵⁰ and the visual comparison includes the mark’s colour, size, shape and position.¹⁵¹ However aural and conceptual elements should not be disregarded when judging infringement of a trade mark by a subsequent design, as the elements of a design may also have sound and meaning (when they include words which need to be pronounced¹⁵² or accordingly words or symbols that may be ascribed a certain meaning¹⁵³). It is submitted that while these should not be disregarded upon the assessment of the overall impression, they should not be given as much weight as the visual elements precisely because the design is the appearance of the product and not its sound or meaning.

As far as similarity of signs is concerned, the prior trade mark does not need to be reproduced identically in the Community design at issue. It is sufficient

147 GC Case T-148/08 - *Beifa Group Co. Ltd. v OHIM*, 2010 ECR II-01681, para. 121.

148 Case R 211/2007-3 - *Burberry Ltd. v Jimmy Meykranz*, OHIM Third Board of Appeal Mar. 3, 2008, available at: http://oami.europa.eu/search/legaldocs/la/EN_boa_index.cfm under the case number, para. 15, as a result invalidating the CD for lack of individual character, not under Art. 25(1)(e) CDR.

149 Jeremy Philips, *Trade Mark Law. A Practical Anatomy* [2003] Oxford University Press, 320 (hereinafter: Philips).

150 Art. 3(a) CDR.

151 Philips, *supra* note 149, 322.

152 Especially in cases of word marks and designs for logos, e.g. word mark FOR YOU and a logo with a “4U” element.

153 E.g. trade mark 007 and a design including a picture of a man in a tuxedo pointing a gun.

that the mark is incorporated in the design. Therefore additional elements may not change the perception of the design as using the trade mark,¹⁵⁴ although their incorporation might lead to the trade mark being “swallowed up” in the design and therefore not being used in it at all.¹⁵⁵ Conversely, the OHIM Invalidity Division did not find similarity of signs where the prior trade mark was figurative, even though the phonetic comparison pointed to identity as both signs used the word “flex”, however that element was found to be the only similarity and due to the presence of other elements in both signs, was considered to be “not sufficient to constitute similarity between a feature of the registered Community Design and the sign of the Community trade mark”.¹⁵⁶

(2) Similarity of goods or services

As indicated above (see *supra* at c), depending on the characteristics of the design and its capability to be used in relation to different goods or services, the comparison of goods or services for which the allegedly infringing design might be applied will include different scope of goods or services, and in cases where the design (e.g. logo) can be applied to any goods or services it can be assumed that the goods or services are identical. Similarly as establishing the similarity of signs, the decision on similarity of goods is a question of fact.¹⁵⁷

When assessing the similarity of goods, “all relevant factors relating to those goods should be taken into account, such as nature of the goods, (...) intended purpose, method of use and whether they are in competition with each other or are complementary”.¹⁵⁸ The final question that needs to be asked is however: Would a relevant consumer, taking a global appreciation approach, consider the goods as being similar? Answering this question often requires a balancing exercise between the various factors, as in different circumstances one might outweigh the other. Some authors have also argued that “the *Canon* factors are sub-

154 Case R 609/2006-3 - *Honeywell Analytics Ltd v Hee Jung Kim*, OHIM Board of Appeal May 3, 2007, available at: http://oami.europa.eu/search/legaldocs/la/EN_boa_index.cfm under the case number, para. 18, where a design was found using a word mark “MIDAS”. Confirmed in GC Case T-148/08 - *Beifa Group Co. Ltd. v OHIM*, 2010 ECR II-01681, para. 50.

155 See *supra* under A.

156 ICD 000002756 - *Flex Equipos de Descanso S.A. v The Procter and Gamble Company*, OHIM Invalidity Division Jul. 26, 2007, available at: <http://oami.europa.eu/ows/rw/pages/RCD/caseLaw/decisionsOffice/invalidity.en.do> under the ICD number, para. 20.

157 Gert Würtenberger, *Community Trade Mark Law Astray or Back to the Roots!* [2006] E.I.P.R. 549, 550 (hereinafter: Würtenberger).

158 ECJ Case C-39/97 - *Canon Kabushiki Kaisha and Metro-Goldwyn-Meyer Inc.*, 1998 ECR I-05507, para. 23.

concepts which should be used to define whether the goods may in the actual marketplace come from the same or linked companies. Mere similarity of goods of themselves is (...) not sufficient to prove that the goods are similar”.¹⁵⁹

In *Canon*, the Court has also stated the principle of proportionality, prescribing that the more similar the goods are, the lower is the degree of similarity between the signs which will result in finding the likelihood of confusion, while the less similar the goods the higher degree of similarity of signs will need to be found in order to find likelihood of confusion.¹⁶⁰

(3) Likelihood of confusion

The decision on existence of likelihood of confusion is a question of law.¹⁶¹ It requires the assessment of all circumstances by way of global appreciation from the point of view of the average consumer of the goods or services in question¹⁶² judging the “capacity of the mark to identify the goods or services for which it has been registered as coming from a particular undertaking”.¹⁶³ The global appreciation takes into account both the goods or services in question and the strength of the protected mark¹⁶⁴ and also the level of consumer attention with regard to different kinds of goods, which means that if “the objective characteristics of a given product mean that the average consumer purchases it only after a particularly careful examination, it is important in law to take into account that such a fact may reduce the likelihood of confusion between the marks relating to such goods at the crucial moment when the choice between those goods and marks is made”.¹⁶⁵ It follows additionally that the comparison and assessment of the likelihood of confusion are made at the point of sale. However in *Arsenal*, the Court recognized also post-sale confusion.¹⁶⁶ The General Court recognised that the relevant public in the case of instruments for writing should comprise of

159 Jukka Palm, *Canon, Waterford... How the Issue of Similarity of Goods Should be Determined in the Field of Trade Mark Law* [2007] E.I.P.R. 475, 478.

160 ECJ Case C-39/97 - *Canon Kabushiki Kaisha and Metro-Goldwyn-Meyer Inc.*, 1998 ECR I-05507, para. 17.

161 Württenberger, *supra*, note 157, 551. The author submits therefore that the likelihood of confusion should not be judged from the perspective of relevant consumer, but rather should only be a means to help the decision-maker decide the question of law.

162 ECJ Case C-342/97 - *Lloyd Schuhfabrik Meyer & Co. GmbH v Klijsen Handel BV*, 1999 ECR I-03819, para. 25.

163 *Id.* para. 22.

164 Cornish/Llevelyn/Aplin, *supra* note 48, 784.

165 ECJ Case C-361/04P - *Claude Ruiz-Picasso v OHIM*, 2006 ECR I-00643, para. 40.

166 ECJ Case C-206/01 - *Arsenal Football Club plc v Matthew Reed*, 2002 ECR I-10273, para. 57.

the public at large, since the goods are everyday products and the level of attention is relatively low.¹⁶⁷ On the other hand in a case concerning high-end mixers, the UK High Court defined the relevant public narrowly. “As both mixers were premium priced products, targeted at design-conscious consumers”, the expectations and knowledge of those consumers had to be taken into account when judging infringement.¹⁶⁸

The basis for the likelihood of confusion must be the level of similarity between the signs and goods or services, “recognition of the mark on the market, the association that can be made with the used or registered sign”,¹⁶⁹ in fact all factors relevant to the circumstances of the case need to be taken into account,¹⁷⁰ i.e. the spectrum of the relevant factors will vary from case to case. In particular, under the “neutralisation doctrine” when there are “confusing similarities in visual, phonetic, conceptual or figurative respects, the significant differences in one of these criteria may neutralise the likelihood of confusion arising from other criteria”.¹⁷¹

When it is established that there exists a similarity between the signs, upon assessing the likelihood that the relevant consumer will be confused by them, the descriptive or only weakly distinctive elements should not be disregarded, but judged as a part of the overall impression that the signs make. Because of their descriptiveness or low level of distinctiveness, similarity between such elements is less likely to create likelihood of confusion, as the relevant consumer will not concentrate on such elements when making his judgement.¹⁷² Conversely, the protection of a distinctive element of a mark must be recognized if such a component “maintains an autonomous distinctive position in the composite mark, even without constituting its dominant element”.¹⁷³

Under Art. 9(1)(b) CTMR / Art. 5(1)(b) TMD, the finding of likelihood of confusion includes the likelihood of association between the signs. In *Marca Mode* the ECJ stated that the likelihood of confusion and the likelihood of asso-

167 GC Case T-148/08 - *Beifa Group Co. Ltd. v OHIM*, 2010 ECR II-01681, para. 108.

168 *Whirlpool Corp v Kenwood Ltd* [2008] EWHC 1930 (Ch), confirmed in *Whirlpool Corp v Kenwood Ltd* [2009] EWCA Civ 753, E.T.M.R. 7 para. 83.

169 Recital 8 CTMR, Recital 10 TMD.

170 ECJ Case C-251/95 - *Sabel BV and Puma AG v Rudolf Dassler Sport*, 1997 I-06191, para. 22.

171 Würtenberger, *supra* note 157, 549; CFI Case T-6/01 - *Matrazen Concord GmbH v OHIM*, 2002 ECR II-04335 para. 35; similarly: Paola A. E. Frassi, *The ECJ Rules on the Likelihood of Confusion Concerning Composite Trade Marks: Moving Towards an Analytical Approach* [2006] IIC 438, 442-443.

172 Philips, *supra* note 149, 346-347; Hager, *supra* note 24, 412, who suggests the complete exclusion of non-distinctive elements when comparing marks consisting of both protectable and non-protectable elements (at 413).

173 ECJ Case C-120/04 - *Medion AG v Thomson multimedia Sales Germany & Austria GmbH*, 2005 ECR I-08551, para. 30.

ciation are not separate concepts that should be applied alternatively, but that likelihood of association constitutes part of the likelihood of confusion concept and serves to define its scope.¹⁷⁴ Additionally mere association, without the element of confusion is not enough to find infringement.¹⁷⁵

(4) Influence on trade mark functions

Since the likelihood of confusion must concern the source of the products, it is required that the use of the allegedly infringing sign influences the mark's origin function. As the ECJ stated in *Canon*, there can be no likelihood of confusion, "where it does not appear that the public could believe that the goods or services come from the same undertaking or, as the case may be, from economically-linked undertakings".¹⁷⁶

Therefore the OHIM Board of Appeal found it conceivable that when the public encounters a logo (incorporating a design) applied to products or their packaging, they might perceive that logo as an indication of commercial origin. That would lead to jeopardising the essential function of a trade mark.¹⁷⁷

f) Protection for trade marks with reputation

The protection under Art. 9(c) CTMR / Art. 5(2) TMD is granted against the use of a sign which is similar or identical to the trade mark which has a reputation in the Community (in the case of a Community trade mark) or nationally (in the case of a national trade mark) and where the use of that mark by the defendant is without due cause and takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the mark.

Establishing the similarity or identity of signs and goods follows the same considerations as in the two prior types of infringement (see *supra* at d and e).¹⁷⁸

174 ECJ Case C-425/98 - *Marca Mode CV and Adidas AG*, 2000 ECR I-04861, para. 34.

175 ECJ Case C-251/95 - *Sabel BV and Puma AG v Rudolf Dassler Sport*, 1997 I-06191, para. 26.

176 ECJ Case C-39/97 - *Canon Kabushiki Kaisha and Metro-Goldwyn-Meyer Inc.*, 1998 ECR I-05507, para. 30. Confirmed in the context of invalidation of a Community design in GC Case T-148/08 - *Beifa Group Co. Ltd. v OHIM*, 2010 ECR II-01681, para. 97.

177 Case R 609/2006-3 - *Honeywell Analytics Ltd v Hee Jung Kim*, OHIM Board of Appeal May 3, 2007, available at: http://oami.europa.eu/search/legaldocs/la/EN_boa_index.cfm under the case number, para. 28.

178 ECJ Case C-252/07 - *Intel Corporation Inc. v CPM United Kingdom Ltd*, 2008 ECR I-08823, para. 62-63.

The infringement can be found irrespective of whether the sign is used for different goods, or for similar or identical goods or services.¹⁷⁹ In this context, the ECJ does not require a degree of similarity of signs that would lead to likelihood of confusion.¹⁸⁰ It is sufficient that the similarity is such that “the relevant section of the public establishes a link between the sign and the mark”¹⁸¹ i. e. it is enough that the design at issue “brings the mark to mind”,¹⁸² even though the public does not confuse the two signs. The owner can enforce his rights even in the cases where it is clear that the consumers are not misled as to the relation between the two signs. And, since the detriment to the distinctive character or to the mark’s repute is not required either,¹⁸³ it is enough to show that the advantage taken is unfair, without furnishing further evidence as to the consequences of such an advantage being taken.¹⁸⁴

To be granted protection, the mark must have a reputation¹⁸⁵ in a substantial part of the territory for which it exists - in the case of a Community trade mark it will be a substantial part of the Community, which can be a country¹⁸⁶ or in the case of a national mark - part of a region.¹⁸⁷ When establishing the reputation of a mark the Court needs to take all relevant factors into account, i. a. “the market share held by the trade mark, the intensity, geographical extent and duration of its use and the size of investment made by the undertaking in promoting it”,¹⁸⁸ but “showing a niche reputation¹⁸⁹ is sufficient to meet the (...) standard of marks with a reputation”.¹⁹⁰

179 ECJ Case C-292/00 – *Davidoff & Cie SA v Gofkid Ltd*, 2003 ECR I-00389, para. 30.

180 ECJ Case C-251/95 – *Sabel BV and Puma AG v Rudolf Dassler Sport*, 1997 I-06191, para. 20.

181 ECJ Case C-408/01 – *Adidas-Salomon AG and Adidas Benelux BV v Fitnessworld Trading Ltd*, 2003 ECR I-12537, para. 31.

182 Jehoram/van Nispen/Huydecoper *supra* note 39, 304.

183 ECJ Case C-487/07 – *L’Oreal v Bellure*, 2009 ECR I-05185, para. 50.

184 Cornish/Llevelyn/Aplin, *supra* note 48, 793.

185 In GC Case T-255/08 – *Eugenia Montero Padilla v OHIM*, 2010 ECR II-02551, para. 54-55, the Court found that the name of a renowned Spanish composer could not serve as relative ground for refusal under Art. 8(2)(c) CTMR as it was not well known as source indicator. Although the “reputation” of a mark required for granting the broadened protection includes a lower threshold of “reputation” that the well known marks under Art 8(2)(c) CTMR, this reputation should relate to the sign being a trade mark.

186 ECJ Case C-301/07 – *PAGO International GmbH v Tirolmilch registrierte Genossenschaft mbH*, 2009 ECR I-09429, para. 30.

187 ECJ Case C-375/97 – *General Motors Corporation v Yplon SA*, 1999 ECR I- 05421, para. 31.

188 *Id.* para. 27; ECJ Case C-301/07 – *PAGO International GmbH v Tirolmilch registrierte Genossenschaft mbH*, 2009 ECR I-09429, para. 25.

189 Among the consumers for whom the goods or services are intended, ECJ Case C-375/97 – *General Motors Corporation v Yplon SA*, 1999 ECR I- 05421, para. 26.

190 Martin Senftleben, *The Trade Mark Tower of Babel – Dilution Concepts in International, US and EC Trade mark Law* [2009] IIC 45, 74.

The first type of infringement of a reputed trade mark occurs when the accused design takes unfair advantage of the distinctive character or the repute of the mark. Even though the ECJ pointed to the fact that “a trade mark with a reputation necessarily has distinctive character, at the very least acquired through use”¹⁹¹ and usually considers them together, the distinction between such marks can be made “because there are trade marks with limited distinctive character but of good repute and trade marks with considerable distinctive character but of only moderate repute”.¹⁹² The concept of taking unfair advantage of the distinctive character or repute of the mark was addressed by the ECJ in *L’Oreal v Bellure* where the court referred to the notions of “parasitism” and “free-riding” known from national unfair competition laws. The Court defined the unfair advantage as “seeking by [the use of the mark] to ride on the coat tails of mark with a reputation in order to benefit from the power of attraction, the reputation and the prestige of that mark and to exploit, without paying any financial compensation, the marketing effort expended by the proprietor of the mark in order to create and maintain the mark’s image”.¹⁹³ Such exploitation does not in fact need to cause damage to the reputation, even potentially. The stress of the assessment lies in taking unfair advantage.¹⁹⁴

The other type of infringement is the use that is detrimental to the distinctive character of the trade mark (blurring). It has been defined by the ECJ that the “detriment is caused when the mark’s ability to identify the goods or services for which it is registered is weakened, since the use of an identical or similar sign by a third party leads to dispersion of the identity and hold upon the public mind of the earlier mark”¹⁹⁵ and it “requires the evidence of a change in the economic behaviour of the average consumer (...) consequent to the use of the later mark, or a serious likelihood that such a change will occur in the future”.¹⁹⁶ The more distinctive and/or known a trade mark is, the larger is the risk of the detriment to its distinctive character.¹⁹⁷ Unfortunately this proved to be an insufficient guid-

191 ECJ Case C-252/07 - *Intel Corporation Inc. v CPM United Kingdom Ltd*, 2008 ECR I-08823, para. 73.

192 Jehoram/van Nispen/Huydecoper *supra* note 39, 308 -309, giving as examples of the first category the trade mark “Ideal Standard” and of the second – “Lidl”.

193 ECJ Case C-487/07 - *L’Oreal v Bellure*, 2009 ECR I-05185, para. 50.

194 *Id.* para. 43.

195 *Id.* para. 39, ECJ Case C-252/07 - *Intel Corporation Inc. v CPM United Kingdom Ltd*, 2008 ECR I-08823, para. 29.

196 ECJ Case C-252/07 - *Intel Corporation Inc. v CPM United Kingdom Ltd*, 2008 ECR I-08823, para. 77.

197 ECJ Case C-375/97 - *General Motors Corporation v Yplon SA*, 1999 ECR I- 05421 para. 30.

ance as the rightowners have difficulties in enforcing their rights in cases of blurring.¹⁹⁸

The third type of infringement, causing detriment to the reputation, occurs “when the goods or services for which the identical or similar sign is used by the third party may be perceived by the public in such a way that the trade mark’s power of attraction is reduced”, in particular where the goods on which the sign is used “possess a characteristic or quality which is liable to have a negative impact on the image of the mark”.¹⁹⁹

The provisions require that the use takes unfair advantage of or causes detriment to the distinctiveness or repute of the mark, without due cause. This notion has not been so far clarified by the Court of Justice. It has however been suggested that due cause could be derived from the limitations provisions of Art. 12 CTMR and Art. 6 TMD respectively. This would mean that the use of the trade mark in a descriptive manner, the necessity to use the mark or having earlier rights could serve as a justification for the use of a mark with a reputation.²⁰⁰

The protection afforded to marks with a reputation is granted irrespective of the use influencing any of the trade mark functions.²⁰¹ Establishing a link is enough to find infringement and “this is a link between the two parties’ marks and not between the later *mark* and the earlier *user*, as is required in the confusion cases”.²⁰² Whereas when the sign is viewed purely as an embellishment by the relevant public, no link with the mark is established and therefore the requirement for grant of protection is not fulfilled. However where the sign is seen as an embellishment but nevertheless such a level of similarity exists that a link is established, the infringement is given.²⁰³ The use as an embellishment as a concept should be distinguished from the descriptive use which does not influence any of the trade mark functions. Since a trade mark with a reputation is granted protection irrespective of detriment to any of its functions – descriptive use could not be used as a defence in the sense of double identity and likelihood of confusion. The fact that the sign is used as pure embellishment does not constitute an infringement because it does not lead to establishing a link between the signs, not because it does not influence the mark’s function.²⁰⁴

198 Ilanah Simon Fhima, *The Court of Justice protection of the advertising function of trade marks: an (almost) sceptical analysis* [2011] JIPLP 325, 328.

199 ECJ Case C-487/07 - *L’Oreal v Bellure*, 2009 ECR I-05185, para. 40.

200 Jehoram/van Nispen/Huydecoper *supra* note 39, 317-318.

201 ECJ Case C-48/05 - *Adam Opel AG v Autec AG*, 2007 ECR I-01017, para. 37; Simon 2006, *supra* note 112, 328.

202 Simon 2006, *supra* note 112, 323.

203 ECJ Case C-408/01 - *Adidas-Salomon AG and Adidas Benelux BV v Fitnessworld Trading Ltd*, 2003 ECR I-12537, para. 41.

204 Simon 2006, *supra* note 112, 324.

Therefore it must be stated that the protection under Art. 9(1)(c) CTMR/ Art. 5(2) TMD “does establish and was intended to establish a wider form of protection than is laid down in Art. 5(1) [TMD] and that only one of the three types of ‘injury’ covered by Art. 5(2) need to be proved”.²⁰⁵

The “anti-dilution” protection under Art. 9(1)(c) CTMR/ Art. 5(2) TMD and Art. 5(5) TMD is strongly affected by unfair competition considerations. While it can be a reasonable solution in jurisdictions such as Benelux, “where unfair competition laws are generally precluded from the sphere of trade marks”,²⁰⁶ they might prove problematic in the countries with elaborate unfair competition protection, resulting in overprotection of trade marks and limiting the freedom of traders to develop products, which includes the freedom of copying. A detailed analysis of Art 5(5) TMD goes beyond the scope of this thesis as it has been implemented only by the Benelux countries.

2. The scope of protection of distinctive signs under unfair competition law

The lack of comprehensive harmonization of law in the EU results in large differences between the treatment of distinctive signs under unfair competition rules. Since Art. 25(1)(e) CDR includes application of national laws, it is necessary to consider the national protection of signs. In this part of the thesis German regulations of such protection will be described.

According to §1 UWG the statute protects against unfair commercial practices, i.e. such behaviours of the market participants which can to an appreciable extent influence the behaviour of competitors, consumers or other market participants. In this respect the parties interested in protection of their distinctive signs under unfair competition will usually be the competitors of the accused design owner. As signs are basically protected under trade mark law, the German case-law²⁰⁷ developed a rule that the protection under unfair competition provisions will be available when the rules of trade mark law do not provide for a relevant protection or when there has been a gap left on purpose by the legislator.²⁰⁸ The rationale for such an approach is that the overprotection might hinder the competition when the owners of signs could use both exclusive rights and unfair competition to exclude others from using the same subject – matter and thereby

205 Christopher Morcom, *L’Oreal v Bellure – Who Has Won?* [2009] E.I.P.R. 627, 634.

206 Cornish/Llvellyn/Aplin, *supra* note 48, 792-793.

207 BGH GRUR 1999, 161, 162 - *MAC Dog*.

208 Wirtz in: Horst-Peter Götting and Axel Nordemann, *UWG. Handkommentar* [2010] Nomos §3, para.83 (hereinafter: Götting/Nordemann); BGH NJW-RR 2003, 1551, 1552 - *Tupperwareparty*, English translation available in [2004] IIC 459, 461.

stretch the boundaries of trade mark law.²⁰⁹ Hence the German courts rightly, it is submitted, try to avoid overlaps of protection under IP and unfair competition laws.²¹⁰ It has also been proposed in the literature, that due to the fact that the unfair competition protection under §4 Nr 9(a) UWG relies on the same considerations as the trade mark law, it should be available only to subject-matter not eligible for trade mark protection.²¹¹

On the other hand, since the interests protected differ, the applicability of general rules of civil law, unlike trade mark law, does not exclude protection under unfair competition.²¹²

Due to the fact that the German trade mark law protects also unregistered trade marks, the unfair competition protection becomes most relevant for signs which, even though distinctive, are precluded from the trade mark protection. Accordingly, in the context of distinctive signs and design rights, the cases actionable under unfair competition provisions are those of product imitation exemplified in §4 No. 9 UWG. This protection is related to the goods or services, rather than to the sign as such²¹³ and is available even for shapes that are excluded from trade mark protection e.g. because of their functionality,²¹⁴ however the requirement of unfairness of the behaviour of the alleged infringer must not be based on considerations of a purely trade mark nature, because otherwise would lead to bypassing the compulsory requirements of trade mark eligibility.²¹⁵

The protection under §4 No. 9 UWG will therefore be applicable for goods which due to their distinctiveness can be qualified as sign, but are excluded from protection by the trade mark law. It is granted where there exists a competition between the products in question, the allegedly infringing design includes a copy of the sign seeking protection, and the behaviour of the design owner is considered unfair towards the owner of the prior sign under a general assessment of all circumstances of the case.

209 Ohly 2007, *supra* note 50, 737.

210 BGH GRUR 1996, 581, 583 – *Silberdistel*, however overlapping protection has been accepted in the case of an unregistered Community design, see: BGH GRUR 2006, 79, 80 – *Jeans I*.

211 Joachim Bornkamm, *Markenrecht und wettbewerblicher Kennzeichenschutz. Zur Vorrangthese der Rechtsprechung* [2005] GRUR 2005, 97, 102.

212 Wirtz in: Götting/Nordemann *supra* note 208, §3, para. 84.

213 Reinhard Ingerl, *Der wettbewerbsrechtliche Kennzeichenschutz und sein Verhältnis zum MarkenG in der neueren Rechtsprechung des BGH und in der UWG-Reform* [2004] WRP 809, 817; whereas the good itself, or its characteristics may serve as a distinctive sign.

214 Art. 7(1)(e)(ii) CTMR, Art. 3(1)(e) TMD.

215 Nordemann in: Götting/Nordemann *supra* note 208, §4 No.9, para. 9.26.

a) Competition between the products

The rules of law on unfair competition may be applicable only if there exists a competitive relationship between the applicant and the holder of the design in question.²¹⁶ Therefore the unfair competition will not step in where the products are so far apart that their consumers differ, e.g. fast moving consumer goods and nuclear power plants technology.

This requirement might become problematic in the case of luxury goods. Even where there is no confusion as to source of the imitation, the owner of the luxury sign might rely on the protection for taking unfair advantage of the reputation of his sign. But if the products do not compete with each other, especially where it can be clearly established that they are sold via different trade channels and bought by different consumer groups – the protection against unfair competition might nevertheless be unavailable for the proprietor of the sign. Such an approach was taken by the Federal Supreme Court in the *Handtaschen* case,²¹⁷ where the protection under unfair competition was denied for undoubtedly famous Hermès “Kelly” and “Birkin” bags, i.a. due to the fact that the sale of the allegedly infringing bags was carried out via different channels of trade.

b) Copying

The German law has acknowledged two types of use of the enforced sign that can be described in the design context as: the exact copying (identity of signs, in terms of trade mark law), which includes changes or additions which are so insignificant that can be considered irrelevant taking into account the sign’s overall impression (similar approach as that of the ECJ in *LTJ Diffusion*²¹⁸) and incorporating the sign into the later design, with changes or additional elements, that still allow for the recognisability of the underlying sign (similarity, in trade mark terms).²¹⁹ However, unlike trade mark law, the similarity in unfair competition terms requires that the alleged infringer knows the sign that he is using, which is assumed in the case when the design is subsequent. Consequently, a proof of independent creation would immune the design holder from liability.²²⁰ In this respect Nordemann suggests an application of the copyright considerations which distinguish between a derivative work (which leaves the elements of the original

216 Ohly in: Piper/Ohly/Sosnitza, *supra* note 54, §4 No.9 para. 9/31.

217 BGH GRUR 2007, 795, 799 - *Handtaschen*.

218 ECJ Case C-291/00 - *LTJ Diffusion SA v Sadas Vertbaudet SA*, 2003 ECR I-02799.

219 BGH GRUR 1966, 503, 509 - *Apfel-Madonna*.

220 Ohly in: Piper/Ohly/Sosnitza, *supra* note 54, §4 No.9, para. 9/45.

recognizable and therefore infringes the rights of the author of the original) and a result of a mere inspiration (where the characteristics of the original work fade taking into account the effort provided by the author of the derivative).²²¹

The comparison between the sign and the design is based on the overall impression both of them create in the relevant public. However the conclusion as to the existence of copying can be drawn only on the basis of identity or similarity of those elements of the sign claiming protection that convey the message as to the source of the goods.²²² This makes the comparison of signs similar to that made upon the assessment of the trade mark likelihood of confusion.

c) Additional circumstances (§4 No 9 (a)-(c) UWG)

Under the unfair competition rules, imitation as such, even of a product that has a competitive individuality, is not regarded as unallowable. There is a need to establish the existence of additional circumstances that make the copying unfair.

The time of judgement as to the unfairness of the behaviour is tied to the nature of the provisions which protect the market participants and their actions. Therefore, unlike trade mark law,²²³ the German unfair competition does not recognize post-sale confusion or taking unfair advantage. The assessment is to be taken at the time of the allegedly infringing action.²²⁴ It is submitted that the assessment for the purposes of Art. 25(1)(e) CDR should be taken at the time of registration of the design, since it is the existence and not the use of the design which is being challenged.

The examples provided in §4 No 9 (a) – (c) UWG do not exhaust the possibilities of an infringement. Any action that is unfair and able to influence the behaviour of market participants may result in liability under the general clause of §3 UWG.²²⁵

221 Nordemann in: Götting/Nordemann, *supra* note 208, §4 No. 9, para. 9.47.

222 Dissmann in: Stöckel/ Lüken, *supra* note 53, 496.

223 ECJ Case C-206/01 – *Arsenal Football Club plc v Matthew Reed*, 2002 ECR I-10273, para. 57.

224 e.g. offer for sale, BGH GRUR 2005, 349, 352 - *Klemmbausteine III*.

225 Rolf Sack, *Markenschutz und UWG* [2004] WRP 1405, 1424.

(1) Avoidable confusion as to source

The first, and most important²²⁶ case of unfair behaviour is causing avoidable confusion as to source of the goods, §4 No 9 (a) UWG. It has been submitted that the assessment of confusion requires similar judgement as that under trade mark law,²²⁷ i.e. the comparison should be based on the overall impression made by both signs, taking into account their distinctive elements and not be taken side by side but taking into account how the sign and the design are encountered.²²⁸ The BGH however has not recognized such an approach and requires either that the product seeking protection is known on the German market or that the comparison could be made *in abstracto*, side-by-side.²²⁹ This has been criticized, as the requirement of certain awareness of the public in Germany discriminates against foreign market participants and the abstract comparison ignores the interests of unfair competition protection which include the regulation of behaviour on the market.²³⁰

The judgement on whether the confusion as to source exists is made from the point of view of the consumer of the product in question, similarly as in trade mark infringement. Hence, the characteristics of such a consumer must be taken into consideration.²³¹ Furthermore it is sufficient that the relevant consumer knows the product, it is not required that he is able to ascribe the product to a certain source.²³²

The additional requirement that the confusion as to source was avoidable, inquires whether the accused design owner did undertake all the necessary steps, according to the circumstances of the case, in order to avoid such confusion that could objectively have been avoided. A confusion as to source that could not have been avoided requires only that the accused acted against it.²³³ The steps to be taken include i.a. putting information onto the products as to their source,²³⁴ or adding a disclaimer. However the use of any elements of the prior sign (product) that are not capable of indicating origin²³⁵ or that form part of the public

226 Covering about 90% of the case-law on unfair competition according to Nordemann in: Götting/Nordemann, *supra* note 208, §4 No. 9, para. 9.52.

227 Art. 9(1)(b) CTMR, Art. 5(1)(b) TMD.

228 Nordemann in: Götting/Nordemann, *supra* note 208, §4 No. 9, para. 9.58.

229 BGH GRUR 2009, 79, 83 - *Gebäckpresse*.

230 Nordemann in: Götting/Nordemann, *supra* note 208, §4 No. 9, para. 9.58.

231 BGH GRUR 1996, 210, 212 - *Vakuumpumpen*.

232 BGH GRUR 2006, 79, 82 - *Jeans I*.

233 BGH GRUR 2002, 275, 277 - *Noppenbahnen*.

234 Although confusion despite indicating the source of the goods was found in BGH GRUR 2007, 984, 987 - *Gartenliege*.

235 *Towel Hooks* (I ZR 131/02) BGH [2006] IIC 348, 351.

domain and are freely accessible to everybody may not be seen as infringing and must be accepted even if it might cause confusion.²³⁶ Furthermore, only reasonable steps can be required from the alleged infringer, therefore the interests of the owner of the sign and the design proprietor must be balanced and that is done by the courts under consideration of all relevant facts of the case, although the copying of aesthetic features may not generally be excused, while copying of technical features is generally allowed.²³⁷ In case of doubts, the rule of freedom of copying should prevail, since it satisfies the public interest in the use of the elements of products designs.

(2) Unfair advantage or damage to reputation

The second type of behaviour covered by §4 No 9 (b) UWG occurs when unfair advantage is taken of or the reputation of the competitor's goods is damaged.

The considerations behind this type of infringement are similar as in trade mark "dilution"²³⁸ cases. Therefore, even though the existence of the reputation of a sign is not an explicit requirement, it must be shown that the sign seeking protection is to a certain extent known among the consumers.²³⁹ The taking of unfair advantage requires a substantial transfer of the market success of the sign. It is not sufficient that the design brings the sign into mind, a stronger association must be created.²⁴⁰ The examples of taking unfair advantage include causing confusion as to source and causing association with the renown sign,²⁴¹ even when no confusion can be found, which can be relied on only if the protection under Art. 9(1)(c) CTMR / Art. 5(2) TMD is not available. Due to the fact that the German trade mark law protects also unregistered trade marks, company symbols and work titles,²⁴² the unfair competition protection steps in also for

236 BGH GRUR 2007, 339, 344 - *Stufenleitern*.

237 Nordemann in: Götting/Nordemann, *supra* note 208, §4 No.9, para.9.64; copying of technical elements is prohibited when the sign claiming protection consists of a multitude of technical and functional elements and the entire combination is copied in the design, Michael Loschelder *Der Schutz technischer Entwicklungen und praktischer Gestaltungen durch das Marken- und das Lauterkeitsrecht – Versuch einer Bewertung der Rechtsprechung der letzten zwei Jahre* [2004] GRUR Int 2004, 767, 770. Furthermore, technical features that need to be copied will not be seen as possessing competitive individuality and if the copied solution is appropriate – the risk of confusion has been recognized as unavoidable in *Towel Hooks* (I ZR 131/02) BGH [2006] IIC 348, 351.

238 Art. 9(1)(c) CTMR / Art. 5(2) TMD.

239 Dissmann in: Stöckel/ Lücken, *supra* note 53, 498.

240 Ohly in: Piper/Ohly/Sosnitza, *supra* note 54, §4 No.9, para. 9/67.

241 BGH GRUR 1985, 876, 878 - *Tchibo/Rolux I*.

242 §§ 1,4,5,14,15 MarkenG.

those signs in cases where the design is not used as source indicator or when the goods or services are not similar to those covered under trade mark law, also in the cases of lack of likelihood of confusion, on the condition that that use leads to a competitive disadvantage on the part of the owner of the sign. The unfair association can also lie in using the sign in such a way that the positive image associated with the sign or its advertising power is negatively influenced^{243 244}.

Causing detriment to the sign's reputation requires that the use of the design results in lowering the opinion and positive image connected to the quality or the luxury image of the sign seeking protection.²⁴⁵ These considerations correspond to those covered by protection of marks with a reputation under Art. 9(c) CTMR / Art. 5(2) TMD.

(3) Breach of confidence

Breach of confidence is the third type of product imitation situation and covers two types of behaviours: acquiring the know-how in a dishonest way, e.g. by industrial espionage²⁴⁶ and classical breach of confidence which includes public use of legally obtained information (e.g. during employment or negotiations that did not lead to signing of a contract) against a secrecy clause, which can also be implied^{247 248}.

d) General assessment and interplay of factors

Unfair competition protection requires balancing of interests of the persons involved. Therefore there is a certain interdependence between the "level of competitive individuality, kind, way and intensity of copying and the additional circumstances of the behaviour".²⁴⁹ The higher the level of the competitive individuality or the bigger the similarity of signs, the lower is the required level of unfairness of the behaviour.²⁵⁰

243 BGH GRUR 1995, 57, 59 - *Markenverunglimpfung II*.

244 Piper in: Henning Piper and Ansgar Ohly, *Gesetz gegen den unlauteren Wettbewerb* [2006] C.H. Beck, §4 No.9 para. 9/80.

245 Ohly in: Piper/Ohly/Sosnitza, *supra* note 54, §4 No.9, para. 9/70.

246 BGH GRUR 2003, 356, 357 - *Präzisionsmessgeräte*.

247 BGH GRUR 1983, 377 - *Brombeer-Muster*.

248 Ohly in: Piper/Ohly/Sosnitza *supra* note 54, §4 No.9, para. 9/73.

249 Ohly 2007, *supra* note 50, 734.

250 BGH GRUR 2003, 356, 357 - *Präzisionsmessgeräte*; Nordemann in: Götting/Nordemann, *supra* note 208, §4 No. 9, para. 9.29.

3. Scope of protection of company symbols and work titles

The scope of protection of company symbols and work titles under §15 MarkenG, resembles closely that of trade mark. Although §15 MarkenG does not include double identity, the protection against confusion as to source (§15(2) MarkenG) and protection of indicia with reputation (§15(3) MarkenG) cover most cases of infringement.²⁵¹ These provisions are regarded as *lex specialis* towards §12 BGB and therefore this general clause cannot be a ground for protection for a distinctive sign whenever there are grounds for the owner to rely on §15 MarkenG.²⁵² On the other hand, HGB provisions can be relied on additionally.²⁵³

Company symbols and work titles are protected against confusion. However, instead of comparison of goods or services for which the sign is used, under protection of company symbols it is rather the comparison of the scope of activities of the owner of the sign seeking protection and the design proprietor. Whereas the complete identity of those fields is not required, it is sufficient that both fields show some crossovers.²⁵⁴ The interdependent factors that need to be taken into account, include an assessment of identity or similarity of the signs, the level of distinctiveness of the prior sign and the fields of activity in which both signs are used.²⁵⁵ Therefore in this case the comparison seems more straightforward than under trade mark law – regardless of goods or services for which the symbol and the design are used, it is the field of activity of their owners that needs to be taken into account and hence, unlike trade mark law, the corresponding factual situations are being compared. Of course, when establishing the field of activities, it is necessary to take into account the goods offered or the services rendered by both entities, however these will not be the only circumstances under assessment.

MarkenG in §15(3) provides for protection of company symbols and work titles with reputation. It corresponds to the provision of §14(2) No 3 MarkenG,²⁵⁶ and so it has been submitted in the literature that due to the fact that company symbols usually constitute also the company's trade mark or are at least signs eligible for trade mark protection, the applicability of §15(3) MarkenG should correspond closely to that of §14(2) No 3 MarkenG. In addition, because of the broad understanding of the concept of confusion under §15(2) MarkenG, the

251 Lützen in: Stöckel/ Lützen, *supra* note 53, 255.

252 BGH GRUR 1998, 696, 697 - *Rolex-Uhr mit Diamanten*.

253 Ingerl/Rohnke, *supra* note 24, §15 para. 27, Nach §15 para. 164.

254 Lützen in: Stöckel/ Lützen, *supra* note 53, 255.

255 Hacker, *supra* note 19, 296, citing decisions of the BGH.

256 Implementing Art. 5(2) TMD.

practical importance of protection of company symbols with reputation is relatively low.²⁵⁷ For this reason for a detailed analysis of the scope of protection it is referred to the analysis regarding protection of marks with reputation in Chapter III C. 1. f.

4. Scope of protection of trade names (Firma)

The protection under §37 HGB requires that the Firma is used as a trade name and without the authorisation of the proprietor, §37(2) HGB requires further that the applicant's rights are infringed by that use. This general clause is sufficiently broad to cover double identity, likelihood of confusion and protection of trade names with reputation.²⁵⁸

Use as trade name has been defined as "any action that has a direct relation to the operation of one's business and can be understood as an expression of the user's intention to use the sign as his own trade name".²⁵⁹ Whether this is the case is judged from the point of view of the commercial circles that encounter the sign. It has been recognised that use as a trade name is given in situations in which a trade name is usually utilised and therefore the public expects that such a name will be used.²⁶⁰ Accordingly it seems that in an application for invalidation of a Community design the evidence must be produced that the use of the accused design infringes the rights to a trade name. The registration of a design as such does not lead to use as a trade name, the context of use and possible impression among the public need to be shown.

With respect to an infringement of rights to a trade name by a design, a recent decision of the Higher Court in Cologne²⁶¹ provides for a relevant guidance. According to this decision, since under §18 HGB the trade name must be able to characterise its owner and possess a distinguishing character, it must not include any figurative elements and like other names can be composed only of words. Therefore the use of the trade name with additional elements, for example as part of a logo, might lead to lack of use as a trade name and consequently – not be infringing under §37 HGB.

The protection of a trade name under §37(2) HGB requires further that the rights of the applicant for the invalidation of a Community design are infringed.

257 Ingerl/Rohnke, *supra* note 24, §15 para. 79-80.

258 Lügen in: Stöckel/ Lügen, *supra* note 53, 255.

259 BGH NJW 1991, 2023, 2024 - Case II ZR 259/90.

260 Ingerl/Rohnke, *supra* note 24, Nach §15 para. 166.

261 6 U 67/10 [2010] OLG Köln, Nov. 5, 2010 with comments by Fabian Zigenaus, GRUR-Prax 2011, 10.

It has been recognised by the case-law that those rights must be of an economic nature.²⁶²

5. Scope of protection of names

The protection under §12 BGB is pre-empted by the possibility to rely on trade mark law.²⁶³ Therefore in the context of design infringement it is not likely to be relied on in many instances and is prone to be called upon in the cases of use in a design of a sign which by its owner is not used commercially and therefore is protected neither as a trade mark nor as a company symbol.²⁶⁴ This general clause allows for sufficient flexibility to cover double identity, likelihood of confusion and protection of names with reputation.²⁶⁵

Finding of an infringement under §12 BGB requires an unauthorised use of a name in such a way that infringes the legitimate interests of the owner of that name. The provision protects the identification function of a name and therefore use that can be prohibited by the owner of the protected name must be such that it influences the association of the name with its owner²⁶⁶ and has been described not as likelihood of confusion as to source but rather as ability to cause such confusion.²⁶⁷ As a result – the protection under §12 BGB requires a lower threshold of proof on confusion as it seems to be judged in more abstract terms than the likelihood of confusion closely connected to the judgement of the relevant public.

The requirement of infringement of legitimate interests of the owner of the name goes beyond the protection against the likelihood of confusion, likelihood of association and dilution of his name, whereas, differently as under §15(2) MarkenG, the protection against likelihood of confusion does not require the proximity of the fields of activity between the proprietor of a name and the alleged infringer.²⁶⁸ Furthermore, depending on whether the name for which the protection is claimed is a name of a natural or a legal person, it is required that

262 II ZR 259/90 [1991] BGH Apr. 8, 1991, NJW 1991, 2023.

263 Ingerl/Rohnke, *supra* note 24, Nach §15 para. 3.

264 Ingerl/Rohnke, *supra* note 24, Nach §15 para. 7; opposite view presented by Nägele in: Nägele, *supra* note 70, 1009, himself being of the opinion that the applicability of §15 MarkenG or §12 BGB should depend on the rationale of protection under each of the provisions and giving examples of such factual configurations, *id.* 1013.

265 Lükens in: Stöckel/ Lükens, *supra* note 53, 255.

266 BGH GRUR 1993, 151, 153 – *Universitätseblem.*

267 Nägele, *supra* note 70, 1008.

268 *Id.* 1008-1009.

the infringed interests are of personal or of purely economic²⁶⁹ nature respectively.²⁷⁰ The OHIM presents a different approach, including in the scope of distinctive signs only those names that are trade or business-related and not merely personal,²⁷¹ which consequently would allow for invalidation of a Community design only if the owner of a right to a name invokes his economic, and not personal interests against the design right.

D. The limits of protection of distinctive signs

1. The limits of protection of trade marks

In infringement proceedings under the trade mark law, the defendant has a range of defences that, if they prove successful, render his behaviour legal. Since the invalidation of a Community Design under Art. 25 (1)(e) CDR is based on the concept of infringement of the prior distinctive sign, the question can be posed, whether these defences can be called upon in invalidation proceedings by the holder of the design.

The most far reaching defence strategy is challenging the validity of the prior mark or accusing it of being subject to revocation (Art. 99(3) CTMR, Art. 11(3) TMD²⁷²) and furnishing a proof of lapse of the right (e.g. due to lack of payment of the renewal fees, Art. 46 and 47 CTMR), as a non-existing right is unenforceable.

Challenging the validity of the prior trade mark in the design invalidity proceedings has not been accepted. The registered rights are subject to the presumption of validity²⁷³ and there is no legal ground that would allow challenging such presumption in the design infringement proceedings. If the validity of a distinctive sign is contested – the Invalidity Division may suspend its proceedings on invalidation,²⁷⁴ however OHIM will not of itself inquire into the question of existence or validity of the sign on which the invalidation application is based and

269 BGH GRUR 1998, 696, 697 - *Rolex-Uhr mit Diamanten*.

270 Ingerl/Rohnke, *supra* note 24, Nach §15 para. 19-20.

271 Manual of Trade Mark Practice, available at: http://oami.europa.eu/ows/rw/resource/documents/CTM/legalReferences/partc_nonregisteredrights.pdf (last visited June 5, 2012), C.4.5.3.1.

272 Art. 11(3) TMD provides for optional harmonisation.

273 Art. 99(1) CTMR.

274 Art. 2.6 OHIM Guidelines on Invalidation of Registered Community Design; *Community Design Invalidity Manual*, *supra* note 15, B.1.6.2, providing a list of situations in which the proceedings can be suspended and stressing the OHIM's discretion in the decision on suspension.

will treat the prior right as valid.²⁷⁵ Submitting a proof that the right does not exist or has lapsed will result in rejection of the application, due to the nonexistence of the prior right to a distinctive sign,²⁷⁶ although in fact it is on the applicant to establish the existence of his right.

A defence that has been recognised by the case-law in design invalidation proceedings is requiring the applicant to provide the proof of genuine use of the trade mark which has been registered for at least five years.²⁷⁷ As the General Court stated in *Beifa*, since the national law allows the alleged infringer to require in the infringement proceedings that the proprietor of a trade mark invoking his rights provides proof of genuine use of his mark, the proprietor should do it and if he fails – he has no right under the national law to prohibit the use of the Community design, which results in the inapplicability of Art. 25(1)(e) CDR.²⁷⁸ This decision was issued on the basis of national (German) trade mark,²⁷⁹ however Art. 99 (3) CTMR provides for similar defence with respect to the Community trade mark²⁸⁰ and Art. 11(3) TMD provides for optional implementation of a corresponding provision into national laws of the Member States. In its decision, the General Court referred to the rules of infringement of the trade mark law and defences provided therein. This seems a correct approach since Art. 25(1)(e) CDR refers to “right to prohibit use” which suggests that a regular assessment of infringement under national or Community law should be made on application for invalidation of a Community design.

However, Art. 99(3) CTMR allows not only for the request of proof of use but also for raising a defence of invalidity of the trade mark based on earlier rights of the design proprietor (similarly 11(3) TMD, however the TMD does not provide for defence of invalidity of the trade mark, unlike Art.99(3) *in fine* CTMR), nevertheless a defence stating that the Community trade mark or a national trade mark could be declared invalid should not be allowable. The question of invalidity of the trade mark invoked against the design should be judged in separate proceedings. Under Art 53 CDR the Office is entitled only to examine the invalidity of the Community design, therefore allowing for the examination of a trade mark validity would go beyond the competences of the OHIM in design invalidity

275 Ruhl 2007, *supra* note 89, Art. 53 para. 38, *Community Design Invalidation Manual*, *supra* note 15, C.7.4.

276 José J. Izquierdo Peris, *OHIM Practice in the Field of Invalidity of Registered Community Designs* [2008] 2 E.I.P.R. 56; Schlötelburg, *supra* note 129, 126; Ruhl 2007, *supra* note 89, Art. 25 para. 34.

277 Art. 99(3) CTMR, Art. 11(3) and 12(1) TMD.

278 GC Case T-148/08 - *Beifa Group Co. Ltd. v OHIM*, 2010 ECR II-01681, para. 65-66; this rule has been incorporated in *Community Design Invalidation Manual*, *supra* note 15, B.1.1.2.

279 §25(2) MarkenG.

280 Ingerl/Rohnke, *supra* note 24, §25 para.4.

proceedings. This however does not exclude the applicability of request of proof of genuine use of the mark, since it has no direct bearing on the mark's validity, only on its enforceability. Hence this approach is consistent with both the case-law and submissions of the scholars and practitioners.

Another provision stating a ground of defence in infringement is the “fair use” provision of Art 12 CTMR / Art. 6(1) TMD. This defence has not been addressed by the case-law as of now. It has been raised by the design holder in *Zygmunt Piotrowski v Danone*,²⁸¹ however the Board of Appeal confirming the Invalidity Division's decision on invalidation, did not address this issue. It is submitted that since Art. 25(1)(e) CDR requires that the owner of the prior distinctive sign “has the right to prohibit such use”, the “fair use” defence should be accepted, just as it is accepted in infringement proceedings. Although for it to be allowed, the design proprietor will have to fulfil the stringent requirements of proving that the use of the mark in a Community design is in accordance with honest practices in industrial or commercial matters and taking into account all possible circumstances in which the design might be used.²⁸² Similarly as in the assessment under unfair competition rules, the decision on this defence depends very much on the factual pattern and therefore might lead to only some uses of the mark being fair. It is submitted that such an inconsistency might be solved by an application of a disclaimer under Art. 25(6) CDR.

A defence of express consent to registration (Art 53(3) CTMR / Art. 4(5) TMD) could be considered to be used by the proprietor of a Community design in invalidation proceedings by way of analogy to the provisions of the CTMR. One argument for it could be the systematic interpretation of the CDR, which has been based on the provisions of the CTMR.²⁸³ However a strong argument against such an approach is the fact that such provisions have not been included in the CDR, hence it should be seen as a deliberate decision of the EU legislator and analogical application of the CTMR should not be accepted. Nevertheless such arguments could be enforced in national courts²⁸⁴ – in the case of application for an invalidation of a Community design its owner could apply for the na-

281 Case R 137/2007-3 - *Zygmunt Piotrowski v Compagnie Gervais Danone*, OHIM Third Board of Appeal Sept. 18, 2007, available at: http://oami.europa.eu/search/legaldocs/la/EN_boa_index.cfm under the case number, para. 4.

282 ECJ Case C-533/06 - *O2 Holdings Limited and O2 (UK) Limited v Hutchison 3G UK Limited*, 2008 ECR I-04231, para. 66.

283 Commission of the European Communities, *Green Paper on the Legal Protection of Industrial Design* [1991] (hereinafter: *Green Paper*), states (8.2.1 at 106) that unless there are solid reasons for not doing so, solutions adopted in CTMR should be accepted for Community design.

284 E.g. affirmative action under §256 ZPO.

tional court's declaratory judgement and for suspension of proceedings in OHIM until the national judgement becomes final.

The application for the invalidation of a design can be submitted as long as the design exists. However, since acquiescence (Art. 54 CTMR/ Art. 9 TMD) precludes the trade mark proprietor from opposing the use of that trade mark, it is arguable that under Art. 25(1)(e) CDR, such a defence could be accepted by way of analogy. However, similarly as with express consent to registration, CDR lacks legal ground for such an application.

2. Limits of protection of other distinctive signs and statute of limitations

With the exception of protection for company symbols and work titles, which under §23 MarkenG are subject to the fair use limitation in the same way as trade marks are, and names, which cannot be enforced in cases of use of own name and where freedom of speech has priority, there are no special limitations of protection for enforcement of the other types of distinctive signs. The application of the statute of limitations should however be considered with regard to all distinctive signs.

The right to prohibit use, as required by Art 25(1)(e) CDR is not limited in time and exists as long as the infringing activity takes place, i.e. in case of a Community design – as long as it is registered or protected as unregistered Community design. This lack of limitation can be questioned, as on the one hand the justification for the invalidation of a Community design is certainly the public interest in clearing the register of rights that do not deserve protection,²⁸⁵ which should not be limited in time, but on the other hand – Art. 25(1)(e) CDR expressly refers to the fact that the invalidation can go only as far as the owner of the prior sign has the right to prohibit the use of the allegedly infringing design under the Community or national law, which may include the national provisions regulating the statute of limitations. As it has been argued by Hacker, the registration of a sign leads to a constant infringement and therefore the right to apply for its invalidation cannot be limited in time.²⁸⁶ On the other hand arguably due to the public character of the Design Register, it must be assumed that the registration has become known to the holders of prior rights and the begin of the term of limitation is easy to establish. It is submitted that since Art. 25(1)(e) CDR refers to right to prohibit use, the assessment should not differ from that of

285 Ruhl 2007, *supra* note 89, Vor Art. 24-26, para. 3.

286 Hacker, *supra* note 19, 261.

infringement, including the statute of limitations. The commencement starting from the publication in the register seems an appropriate solution.

Under unfair competition protection, there is no explicit limitation of protection in time. As long as the competitive individuality exists and is able to indicate the origin or the specific features of the product and the anticompetitive behaviour is still effective (e.g. the design remains registered), the owner of the prior sign may institute an action under unfair competition rules.

The right to claim protection under national law for trade marks, company symbols and work titles is precluded under the statute of limitations after three years from the obtaining knowledge of the infringement,²⁸⁷ according to §20 MarkenG. Similar rule applies to trade names and names under the general rule of §195 BGB.²⁸⁸

287 It is submitted that in the case of registered design it should be from the date of the registration and not actual gaining knowledge, due to the public nature of the registers.

288 Ingerl/Rohnke, *supra* note 24, Nach §15 paras. 27, 172.

IV. The application of Art. 25(1)(e) CDR and its implications

A. *The procedure of invalidation of a Community design*

1. Applicant and forum

According to Art. 52 and Art. 25(1)(e) CDR it is solely the holder of a prior distinctive sign that has standing in the invalidation proceedings, which he is obliged to prove by submitting relevant documents, such as a registration certificate.²⁸⁹ In the case of unregistered signs the applicant will have to provide evidence as to the existence of his right to the distinctive sign. He can initiate the invalidation in OHIM – as regards a registered Community design, or in a Community design court²⁹⁰ – by way of counterclaim for invalidation of a registered or unregistered design when he has been sued for infringement of that design, or by a stand-alone action for invalidation of an unregistered Community design.²⁹¹

2. Applicable law and procedural challenges

The substantive law relied upon in the invalidation proceedings depends on the distinctive sign that is being invoked against the Community design. In the cases where the application is based on the right to a Community trade mark it will be the provisions on the scope of protection stipulated in the CTMR.²⁹² When a national right to a distinctive sign is relied upon – the OHIM or the Community design court will need to apply the provisions of the relevant national law.²⁹³ In the OHIM it is the duty of the applicant to substantiate both the facts²⁹⁴ and the legal ground in the same way as he would have done in the national court and he is

289 Rule 28(1)(b)(iii) CDIR.

290 Art. 80 CDR, Art. 81(c)-(d) CDR.

291 Art. 24(1), (3) CDR.

292 Art. 9 CTMR.

293 as in GC Case T-148/08 - *Beifa Group Co. Ltd. v OHIM*, 2010 ECR II-01681.

294 Art. 63 CDR, including the existence and validity of the earlier right and that he has the right to prohibit the use of the subsequent design (but not that he has actually prohibited it), as stipulated in the *Community Design Invalidation Manual*, *supra* note 15, C.7.3.

also obliged to establish the applicable rules e.g. by filing the copies of relevant statutes or case-law.²⁹⁵

The OHIM or a Community design court will apply their own procedural rules in the invalidation proceedings: those stated in the CDR – in case of proceedings in the OHIM, or rules applicable for proceedings governing national designs, unless the CDR expressly provides otherwise – in an action in a Community design court.²⁹⁶

The fact that the respective bodies apply their own procedural rules, but depending on the invoked prior right, can apply national substantive laws, may cause tensions influencing the scope and limits of protection of distinctive signs, especially in the instances where the owner of a Community design wants to invoke defences. National laws, in particular in those aspects that have not been harmonized, allow for various defences, requiring diverse evidence and providing for different rules on burden of proof. These are often part of the national procedural rules. Therefore a question can be posed as to how far the application of the national rules should go, especially in the proceedings in the OHIM which are of an administrative and not judicial nature. In *Beifa*,²⁹⁷ the only case on Art. 25(1)(e) CDR adjudicated by the General Court so far, the court accepted the application of national German provisions allowing the design owner to request proof of use of the trademark serving as ground for invalidation, applying the German substantive rule of Art. 25(1) MarkenG²⁹⁸ limiting the right of the trademark owner to assert claims under it and the arguably procedural defence under Art. 25(2) MarkenG²⁹⁹ allowing the defendant to request a proof of genuine use of a trademark registered for at least five years. Additionally the Court accepted the analogical application of the procedural rules on opposition to the registration of a Community trademark, stating that the request of proof of genuine use should be filed in due time and cannot be made for the first time before the Board of Appeal.³⁰⁰

295 *The Community Designs Handbook: Release 6* (Aug. 2009) [2009] Sweet&Maxwell, 7-039/2 (hereinafter: *CD Handbook*), confirmed in CJEU Case C-263/09 - *Edwin Co. Ltd v OHIM*, O.J. (C 252) 4, para. 50 and included in *Community Design Invalidation Manual*, *supra* note 15, C.7.3.

296 Art. 88 CDR, Casado Cerviño and Wahl in: Gielen/ von Bomhard, *supra* note 73, 362; Ohly 2004, *supra* note 56, 316.

297 GC Case T-148/08 - *Beifa Group Co. Ltd. v OHIM*, 2010 ECR II-01681, para. 65-66.

298 Ingerl/Rohnke, *supra* note 24, §25 para. 1.

299 *Id.* This provision may also be seen as possessing a substantive nature, complementing the rule of Art. 25(1) MarkenG.

300 GC Case T-148/08 - *Beifa Group Co. Ltd. v OHIM*, 2010 ECR II-01681, para. 69; as stipulated in the *Community Design Invalidation Manual*, *supra* note 15, at B.1.1.2, the request for proof of use must be submitted together with the design holder's first submission in response to the application for invalidation.

In many instances the CDR itself remains unclear as regards the applicable rules on procedure and in the absence of procedural provisions in OHIM refers to the rules generally recognised in the Member States.³⁰¹ In particular, it does not include rules on defences that might be applicable in the invalidation proceedings. However, while the rules on defences may be generally seen as substantive provisions and therefore reference to the respective national laws should be acceptable, the rules on evidence are of procedural nature. The general rule of conflict of laws³⁰² prescribes that upon application of foreign law the court may use the foreign substantive provisions, but must apply its national procedural law. Therefore, since the CDR does not foresee any specific procedural rules on application of foreign national laws during invalidation proceedings, the availability of those – especially as defences should be limited. On the other hand, the General Court in *Beifa* seems to have accepted the application of national rules of a procedural character, at least to some extent. Whereas this might be practical in the case of national trade mark laws harmonised under the TMD, it seems problematic in the not harmonised regimes of unfair competition and of other distinctive signs, requiring the OHIM to gain expertise in 27 national legal regimes on both substantive and procedural level.

Furthermore, Art. 25(1)(e) CDR uses the phrase “Community law or the law of the Member State governing that sign confers on the rightholder of the sign the right to prohibit such use”. It is not clear whether this refers to the procedural or the substantive rules. This was also not explained in the *travaux préparatoires*.³⁰³ Other provisions of the CDR that include a reference to the national laws of the Member States include Art. 89(1)(d)³⁰⁴ and Art. 96(1) – which seem to refer to national substantive rules, but also Art. 84(3)³⁰⁵ and Art. 92(2) – which are more prone to be referring to national procedural rules. It is submitted that the harmonisation goal is more likely to be achieved if the application of certain provisions by both national courts and the Office leads to the same result. However the acceptance of the application of both substantive and procedural national rules by the OHIM finds no support in the rules governing conflict of laws and might lead to overloading the Office with tasks. Certainly guidance from the European Legislator on this matter would be desirable.

301 Art. 68 CDR.

302 E.g. Art. 1(3) Rome II.

303 *Green Paper*, *supra* note 283.

304 Which according to Ruhl should include also procedural rules of foreign countries which should be transformed into corresponding national provisions of the forum, Ruhl 2007, *supra* note 89, Art. 89 para. 75.

305 Ruhl 2007, *supra* note 89, Art. 83, para. 4.

3. Effect of the invalidation

The invalidation of a Community design has an *ex tunc* effect³⁰⁶ – the design is to be treated as if it had not existed at all, to the extent that it has been declared invalid. This effect is introduced when the decision on declaration of invalidity becomes final³⁰⁷ and is subject to the possibility to maintain the Community design in an amended form in spite of its eligibility for invalidation, as long as that form complies with the requirements for protection and the identity of the design is retained, which may include a disclaimer and which can be done upon a motion of the design's holder or by way of a decision declaring the design's partial invalidity.³⁰⁸ Due to the abstract nature of the design protection³⁰⁹ such an amendment may limit only the content of the design and not the goods or services for which it may be applied – therefore if that is not possible it should be declared invalid *in toto*.³¹⁰ Despite the CDR being modelled on the rules of the CTMR, it does not include a provision corresponding to Art. 112 CTMR, which would allow for a conversion of a design challenged for validity into national design applications.

Moreover, an amendment may not limit the territorial character of the Community design. Even in the cases where the application or counterclaim for invalidation are based on a national right – due to the unitary character³¹¹ of the Community design right, the effect of invalidation stretches onto the entire territory of the European Union,³¹² and is not limited to the territory where the prior right exists. This is different under German law as regards the unregistered trade marks³¹³ and company symbols³¹⁴ which may cause invalidation of a national design only when they are nation-wide, while in the cases where they exist locally – they have an effect of a territorial limitation of the design right.³¹⁵ Therefore it has been suggested by the German authors, that an unregistered German trade

306 Art. 26(1) CDR, Suthersanen, *supra* note 21, 6-078.

307 Art.87 CDR.

308 Art. 25(6) CDR; under *Community Design Invalidity Manual*, *supra* note 15, B.1.3, maintenance in an amended form may include registration of the design with a disclaimer, or entry into Register of a decision by court or OHIM Invalidity Division declaring the design's partial invalidity.

309 See *supra* Chapter II.B.

310 Hartwig and Traub in: Comments to ICD 000001477 - *Hee Jung Kim v Zellweger Analytics Limited*, OHIM Invalidity Division March 1, 2006, in Hatwig 2007, *supra* note 130, 220.

311 Art. 1(3) CDR.

312 *CD Handbook*, *supra* note 295, 7-039/1.

313 §4 No 2 MarkenG.

314 §5 MarkenG.

315 Eichmann in: Helmut Eichmann and Roland Vogel von Falckenstein, *Geschmacksmustergesetz* [2010] C.H. Beck, §34 para. 3.

mark or a company symbol can provide a ground for invalidation of a Community design only when this prior right exists for the entire territory of Germany.³¹⁶

B. Invalidation of the design or action for infringement of the prior sign?

As has been shown (*supra* in Chapter III.) the invalidation of a Community design on the ground provided in Art. 25(1)(e) CDR grants the prior distinctive sign a very broad protection, based on both harmonised and not harmonised legal grounds, requiring different conditions for grant of protection and level of proof and hence giving the holders of prior signs a rich arsenal of weapons against a Community design.

Taking into consideration that if the design is novel and possesses an individual character, the owner of a prior sign can still invalidate it arguing that it infringes his distinctive sign, a question can be asked whether this owner could be more interested in invalidation of the entire Community design, or rather in starting a case on infringement of that sign, since the arguments he would be making in both proceedings correspond. After all, the invalidation of a Community design does not result in prohibition of use of the sign – it will only deprive the design owner of a negative right to stop others from using the design. What most owners of distinctive signs are interested in is in fact an injunction against the use of a design which can be obtained only in infringement proceedings and not upon application for invalidation of a Community design. But since a Community design benefits from an assumption of validity,³¹⁷ a legitimate doubt arises as to whether the owner of a distinctive sign may obtain an injunction against the use of a later Community design on the ground of infringement of his rights to a sign, without first obtaining a decision on invalidation of such a design.

This matter, although based on a slightly different factual pattern, has been a subject of a preliminary question to the CJEU by the Community Design Court in Alicante on 11 October 2010.³¹⁸ The case refers to a conflict between two designs in a situation where the subsequent registration was effected after the receipt of a cease and desist letter from the owner of the prior design, who subsequently filed a lawsuit for infringement of his right. The other party's defence was that as long as the design is not declared invalid, its owner has a positive

316 Eichmann in: Helmut Eichmann and Annette Kur, *Designrecht. Praxishandbuch* [2009] Nomos, 93.

317 Art., 85 and Art. 94 CDR.

318 Reference for a preliminary ruling from the Juzgado de lo Mercantil No 1 de Alicante (Spain) Case C-488/10 - *Celaya Emparanza y Galdos Internacional S.A. v Proyectos Integrales de Belizamientos S.L.*, available at: http://curia.europa.eu/jmcs/jmcs/j_6/ under the case number.

right to use the design under Art. 19(1) CDR and therefore a claim for infringement by such a design should be rejected for lack of the plaintiff's legal standing.³¹⁹ The question referred inquired whether in the proceedings for an infringement of a Community design the owner has the right to prohibit the use by a third party of a later design that does not produce a different overall impression or by a party who uses such a design registered in his name as long as the later design is not declared invalid and whether the answer should depend on the intention of the third party in registering the design.³²⁰

The infringement actions are regulated by the national procedural laws, since all of them, based both on Community and national rights, are dealt with by national courts. An example of a provision that allows for an infringement action without prior invalidation of the accused registered right is Art. 110 CTMR which allows the owners of prior rights to invoke their claims for infringement of those rights by a later Community trade mark. This is independent from the opposition or invalidation proceedings and leads to a different result: it allows for a national court to prohibit the use of a Community trade mark on the territory of a Member state where the conflicting prior right exists.³²¹ If an analogical application of Art. 110 CTMR to the Community design was accepted, the owner of a prior right would not need to apply for invalidation of a Community design, but would be able to limit the territorial scope of this right. It is submitted, that even though the CDR was modelled on the CTMR,³²² it does not include a provision corresponding to Art. 110 CTMR, therefore it should be seen as an intentional decision by the legislator and analogical use of the CTMR should not be accepted.

A further argument for a necessity of prior invalidation could be that due to the presumption of validity of a Community design which is binding not only in

319 For factual background of the case see: <http://class-99.blogspot.com/2011/03/cegasa-mystery-is-explained.html> (last visited June 5, 2012); even though the provision of Art. 19(1) CDR is expressed positively, it should be understood as relating to a negative right to prohibit use by others and not as positive right to use the design, according to Musker in: Gielen/ von Bomhard, *supra* note 73, 388.

320 Case C-488/10 - *Celaya Emparanza y Galdos Internacional S.A. v Proyectos Integrales de Belizamientos S.L.*, available at: http://curia.europa.eu/jmcs/jmcs/j_6/ under the case number; a corresponding reference for a preliminary ruling has been issued with regard to Community trade marks in: Reference for a preliminary ruling from the Juzgado de lo Mercantil No 1 de Alicante (Spain) Case C-561/11 - *Fédération Cynologique Internationale v Federación Canina Internacional de Perros de Pura Raza*, available at: http://curia.europa.eu/jmcs/jmcs/j_6/ under the case number.

321 Eisenführ in: Günther Eisenführ and Detlef Schennen, *Gemeinschaftsmarkenverordnung*, Carl Heymanns Verlag 2010, 1138; this is supported by Felix Hauck in: Stöckel/ Lüken, *supra* note 53, 210, who argues that in infringement proceedings of a trade mark only its priority should be proved, even in a case against a subsequent right that is registered.

322 *Green Paper*, *supra* note, 283.

infringement action based on the design³²³ but also in other proceedings,³²⁴ in actions which are not enumerated in Art. 81 CDR (e.g. proceedings on infringement of a prior trade mark or other rights), it is not possible to challenge the validity of a Community design – neither by way of counterclaim nor as a defence. A separate application for invalidation of the design should be filed, subject to the suspension of the main proceedings.³²⁵ Arguably, the presumption of validity implies that the Community design does not collide with other rights, until it is invalidated due to such a collision. Hence an action for infringement of a distinctive sign by a subsequent Community design would be successful only after the invalidation of the design is declared.

A different view³²⁶ was presented by the Advocate General Mengozzi in his opinion in the case referred to the CJEU for a preliminary ruling and was subsequently adopted by the Court.³²⁷ According to the ruling, the decisive consideration should be the “priority principle under which the earlier registered Community design takes precedence over later registered Community designs”.³²⁸ Furthermore, the lack of substantive examination of the design, allowing for a quick registration of those rights must be taken into account. If prior invalidation of a design allegedly infringing earlier rights was required, it might lead to defendants registering their designs in order to block infringement proceedings instigated by owners of prior rights. This, according to the AG and the Court could result in unacceptable abuses of law. Therefore, an invalidation of a Community design is not a prerequisite for filing for a decision that that design infringes a right to a prior design and consequently that its use is prohibited.

Even though the decision of the CJEU refers to a prior design, which does not constitute a distinctive sign, it is submitted that the argumentation presented by the Court can be extended onto cases of infringements of prior signs. The rationales of the ruling, referring to the principles of priority and possibilities of abuse of law, do not so much depend on the type of the allegedly infringed right, but more on the nature of the design right, which despite of the CDR containing pro-

323 Art. 85 CDR.

324 Art. 94 CDR.

325 Ruhl 2007, *supra* note 89, Art. 94, para. 2.

326 Opinion of Advocate General Mengozzi Case C-488/10 – *Celaya Empanaza y Galdos Internacional S.A. v Proyectos Integrales de Belizamientos S.L.*, Nov. 8, 2011, available at: <http://curia.europa.eu/juris/celex.jsf?celex=62010CC0488&lang1=pl&type=NOT&ancre=>, paras. 30-35.

327 CJEU Case C-488/10 – *Celaya Empanaza y Galdos Internacional S.A. v Proyectos Integrales de Belizamientos S.L.*, Feb. 16, 2012, available at: http://curia.europa.eu/jcms/jcms/j_6/ under the case number, para. 52.

328 *Id.* para. 39.

visions suggesting otherwise,³²⁹ remains an unexamined right, granting its proprietor only a negative right to prohibit others the use of that design, but not granting him an absolute right to use it as long as it remains valid.

C. Invalidation based on a prior distinctive sign: novelty, individual character or Art 25(1)(e) CDR?

The community design, being a relatively novel legal instrument³³⁰ still reveals a considerable number of open questions. Some of them are the controversies connected to the application of Art. 25(1)(e) CDR, especially as far as employment of national laws is concerned. Furthermore, due to the evidentiary burden resting on the applicant, covering not only the evidence on facts but also on law, Art. 25(1)(e) does seem less attractive than the other ground for invalidation available for the owners of prior distinctive signs, i.e. Art 25(1)(b) CDR.

Even though when applying for invalidation of a Community design, the applicant can avail himself of many legal grounds simultaneously, the OHIM can base its decision on only one of them without referring to the others. As the information on the Invalidity Division decisions shows,³³¹ more often than on the ground of Art. 25(1)(e) the applications are successful on Art. 25(1)(b) CDR.

Whether this trend changes will depend on the expansion of the case-law on the Community design. A recent development in that respect was the definition of the “informed user” relevant for the assessment of the design’s individual character. In the *PepsiCo*³³² case, it has been suggested by the General Court and accepted by the Advocate General Mengozzi, that “the informed user is particularly observant and has some awareness of the state of the prior art, that is to say, the previous designs relating to the product in question that had been disclosed on the date of filing of the contested design, or, as the case may be, on the date of priority claimed”.³³³ This definition has been accepted by the CJEU who con-

329 Art. 19(1) CDR.

330 Entry into force on Mar. 6, 2002, see: Ruhl 2007, *supra* note 89, V.

331 See: Decisions on Invalidity concerning Community Designs available at: <http://oami.europa.eu/ows/rw/pages/RCD/caseLaw/decisionsOffice/invalidity.en.do> (last visited June 5, 2012).

332 CJEU Case C-281/10P – *PepsiCo, Inc. v Grupo Promer Mon Graphic SA*, O.J. (C 362) 9, available at: http://curia.europa.eu/jcms/jcms/j_6/ under the case number.

333 Opinion of Advocate General Mengozzi Case C-281/10P – *PepsiCo v Grupo Promer Mon Graphic SA*, May 12, 2011, available at http://curia.europa.eu/jcms/jcms/j_6/, under the case number, para. 45; it has been also suggested that comparison in the test for individual character should include a side-by side comparison, see: Anna Carboni, *The overlap between registered Community designs and Community trade marks* [2006] JIPLP 256, 262, later confirmed

firmed that this notion “must be understood as lying somewhere between that of the average consumer, applicable in trade mark matters, who need not have any specific knowledge and who, as a rule, makes no direct comparison between the trade marks in conflict, and the sectoral expert, who is an expert with detailed technical expertise. Thus, the concept of the informed user may be understood as referring, not to a user of average attention, but to a particularly observant one, either because of his personal experience or his extensive knowledge of the sector in question”.³³⁴ Hence it is submitted that this development will not result in a major change in the attractiveness of Art. 25(1)(e) CDR as ground for invalidation in comparison to the test for the lack of individual character.

It must nevertheless be stressed that the infringement test is not just a lower threshold of the individual character requirement. The tests of Art. 6 CDR, Art. 25(1)(b) CDR and of Art. 25(1)(e) CDR differ. The starting point of the assessment of the individual character is the design at issue. The informed user should compare it as a whole with the prior sign³³⁵ and if the additional or different elements of the design are such that they result in the design producing a different overall impression – the Community design will be deemed valid because it possesses an individual character. Conversely, the starting point of the assessment under Art. 25(1)(e) CDR is the prior sign and the decision whether it has been used in the design. If it has been used in the same form – the use is confirmed, regardless of any additional elements that the design might have, i.e. the design does not need to “limit itself” to the use of the prior sign to be using the sign and therefore be eligible for invalidation.³³⁶ The comparison is not made between the prior sign and the design as in Art. 6 CDR but between the prior sign and the sign constituting an element of the design. It is also made from a perspective of a relevant consumer, which in many cases will involve a lower level of attention than the informed user and make the infringement case easier to argue.

in CJEU Case C-281/10P – *PepsiCo, Inc. v Grupo Promer Mon Graphic SA*, O.J. (C 362) 9, available at: http://curia.europa.eu/jcms/jcms/j_6/ under the case number, para. 55.

334 CJEU Case C-281/10P – *PepsiCo, Inc. v Grupo Promer Mon Graphic SA*, O.J. (C 362) 9, available at: http://curia.europa.eu/jcms/jcms/j_6/ under the case number, para. 53.

335 Suthersanen, *supra* note 21, 114-115.

336 *Id.* 152.

V. Summary

The analysis presented above shows some of the advantages and disadvantages of Art. 25(1)(e) CDR as ground for invalidation of a Community design. The basic advantage from the perspective of the owner of a sign seeking protection is that it allows him for recourse to many legal regulations in order to invalidate the design, which may include Community and national, harmonised and independent legal grounds, as depicted on the example of German law. Thereby the scope of protection for distinctive signs against the Community design proves broad and flexible.

On the other hand, even though most of those grounds are part of well established national systems, their application in a Community context remains unclear. In spite of Art 25(1)(e) CDR referring to “right to prohibit use” which would suggest the application of all national rules, it is doubtful that national procedural rules could be applied in OHIM. Furthermore, the legal uncertainty associated with the admissibility and scope of defences against the claim for infringement results in a relatively infrequent application of that ground for invalidation.

Often the owners of prior distinctive signs are more interested in obtaining injunctions against use of the design than in invalidating it. The decision of the CJEU³³⁷ not requiring an invalidation of a Community design before an injunction against its use can be issued will not result in a rise of design invalidations and more frequent application of Art 25(1)(e) CDR.

On the whole, the applicability of Art. 25(1)(e) CDR as ground for invalidation of a Community design remains relatively less attractive for the holders of prior signs, who more often avail themselves of the ground for invalidation provided in Art. 25(1)(b) CDR. Nevertheless, a further development of case-law might create incentives for a more frequent application of infringement as ground for invalidation of a Community design.

337 CJEU Case C-488/10 – *Celaya Emparanza y Galdos Internacional S.A. v Proyectos Integrales de Belizamientos S.L.*, Feb. 16, 2012, available at: http://curia.europa.eu/jcms/jcms/j_6/ under the case number.

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